

# BUSINESS WEEK

MAR. 9, 1946



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YEAR  
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WEEK  
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Nash-Kelvinator's George W. Mason: A new driver for the Automobile Manufacturers Assn.

BUSINESS  
WEEK  
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## INTERESTED IN LARGE PLASTIC PIECES?



Dispelling the time-worn theory that large molded plastic pieces are impractical and uneconomical, these Admiral phonograph and radio-phonograph cabinets effectively demonstrate that large products as well as small can be molded of Durez phenolic plastics.

The bigger cabinet (right) when assembled contains a five-tube radio and automatic record player. The molded Durez body weighs  $9\frac{1}{2}$  pounds and the cover  $3\frac{1}{2}$  pounds. This makes a total cabinet weight of only 13 pounds.

### Radio Frequency Preheat

Compression-molded in a 400-ton press, the special Durez compound used in this larger unit is preheated by radio frequency. This modern method of production facilitates the

molding operation considerably and results in the strong, attractive cabinet shown.

The smaller unit, Admiral's automatic record player, is also molded of Durez but in a 300-ton press.

### Why Plastics?

The progressive Admiral Corporation experimented and found that for top quality cabinets of this type—having light weight and an integral, lustrous finish, plastics were better suited than any other material.

### Why Phenolic Plastics?

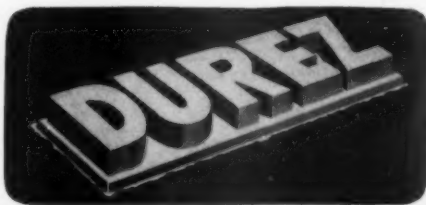
The excellent moldability, impact strength, eye-appealing finish, and the non-resonance of phenolic plastics proved the decisive factors in the choice of these most-versatile-of-all-plastics.

### Why Durez Phenolic Plastics?

As specialists in the production of phenolic plastics for the past quarter century, the Durez staff have developed more than 300 multi-proprietary Durez phenolic molding compounds from which to select the plastic that precisely fits the job.

### Write for Free Booklet

"Machining Data on Phenolic Plastics" is an informative manual which covers all the standard machining operations encountered in the average plant. Write for your free copy. No obligation, of course. Durez Plastics & Chemicals Inc., 23 Walck Road, North Tonawanda, New York. Export Agents: Omnit Products Corporation 40 East 34th Street, New York 16, N. Y.



PHENOLIC  
RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

OIL SOLUBLE RESINS

**PLASTICS THAT FIT THE JOB**

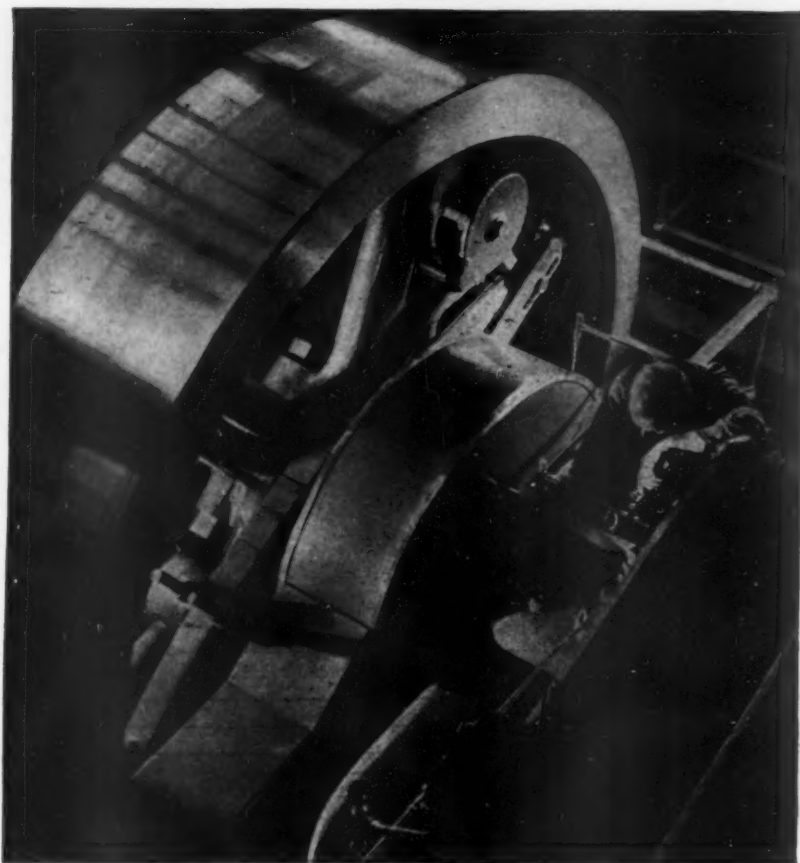


***SPECIALIZED BANKING*** . . . Both as to resources and ability to serve the public, the banks are today in the best position in their history to meet the *specialized* needs of business, large and small . . . The experience of the war has developed new industrial processes—we might almost say, new industries. We face an age of specialization, highly developed techniques, and perhaps narrower margins of profit . . . This means that customers will require from banks a high degree of accurate knowledge of what business is and the kind of financial help each particular business needs. For 42 years the officers of Bankers Trust Company have been selected and trained to render highly specialized service from the customer's viewpoint.

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enable plants to correct these danger points before accidents occur. Many policyholders consider this unique engineering service to be worth several times the premium cost.

Hartford Steam Boiler engineers, the country's largest staff devoted solely to power-equipment protection, draw upon the Company's 80 years of experience in this one specialized line. These field men are located so they can be reached quickly in an emergency.

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## THREAT TO WAGE-POLICY

Union pressure is driving the new wage-stabilization policy in the direction of wage making on a union-wide rather than an industry basis—and it has the Administration worried. That's what's behind the confusing series of moves and countermoves on wages for steel fabricators and processors.

Although the stabilization policy provides for approval of price increases to compensate for the general pattern of wage increases in each industry, the C.I.O. steelworkers' union has been demanding the same 18½¢ boost which it gets in basic steel in other industries in which it has contracts—including some truck and container manufacturers as well as steel fabricators. It has been encouraged in this direction by a letter from Chester Bowles approving the wage increase for fabricating plants where the union was on strike.

## Truman Takes a Hand

Meanwhile, other C.I.O. unions have been demanding a standard wage increase for all their members, regardless of industry divisions. It was fear of this reading tendency that apparently led President Truman to slap down both Bowles and Philip Murray this week by insisting that wage settlements in strike-bound fabricating plants must be negotiated independently of the boost in basic steel.

Truman's move puts the unions on notice that he won't stand for too much jarring of the stabilization policy, but it is unlikely to have much effect on the immediate problems of the fabricators. Officials at the Office of Economic Stabilization see no conflict between the Bowles and Truman statements.

Steel fabricators, they say, who are willing to pay the 18½¢ can grant it up to Mar. 15 without obtaining prior approval—and can expect compensatory price increases. But they are at liberty to negotiate with the union for a lower cost without waiving any of their rights.

## CONGRESSIONAL REVOLT

The House is enjoying its periodic revolt against the remnants of wartime regimentation. The congressmen have thrown out of the housing bill what Expediter Wilson Wyatt considers the heart of his program—building material subsidies and house price ceilings. And now they are sharpening their knives on price control extension legislation. As usual, the Administration is rely-

ing on the Senate as a backstop. Though the housing campaigners are dubious about price ceilings, they are hopeful that the Senate will restore the subsidies—and that a lot of congressmen who voted against them in the House will accept the Senate action.

Similarly, although the price control act will get a rough going over in the House, the Administration expects the Senate to repair most of the damage. But the situation is dangerous enough to force a change of strategy. Original plan was to get price control renewed early to eliminate speculative hoarding. Now there'll be a return to the strategy of previous years—bring Congress up against the gun of the June 30 expiration date and jam the bill down its throat.

## SUPERSENIORITY LOSES

Expectation is that the Supreme Court will uphold this week's split decision in the New York circuit court which rejected the contention of Lewis B. Hershey, director of Selective Service, that the Selective Service Act gives war veterans "superseniority" rights to their jobs.

Until this first decision by a federal appellate court, the score between Hershey and organized labor in the lower courts was even. Two had ruled in favor of labor's position that the veteran is entitled only to that seniority which he would have had if he had stayed on the job instead of entering military service. Two others supported Hershey's interpretation.

## A CAT FOR ICC TO BELL

For hard-pressed inflation controllers there's consolation in the fact that they can stave off indefinitely one price-boosting jolt that will lift all industry off its heels. The rail freight rate increase will be a whopper when it comes, but it can be held off for months.

Already paying more for steel and oil, the roads face a bigger coal bill from John L. Lewis at about the same time that the rail unions get the big wage boost that's in the cards—a wage boost that's retroactive to Jan. 1. All these add up to a rate increase much bigger than the 3%-6% granted in 1942 and taken away again in 1943.

This would be very tough for the OPA to take, but it knows that the Interstate Commerce Commission is a deliberative body which can be very, very deliberate.

## SPOILING U.S. APPETITE

Membership of Chester Davis' Famine Emergency Committee leans heavily to opinion molders (page 17) as is natural, since its mission is to spoil the appetite of the American public. Any voluntary reductions in eating which the committee can bring about will ease the pressure on domestic supplies resulting from pre-emptive government buying for shipment to famine areas abroad.

Davis' committee is readying its publicity barrage. Herbert Hoover, honorary chairman, has headed for Europe, along with Dr. D. A. Fitzgerald of the Combined Food Board, to bring back a report on how bad conditions are. And a second mission—Col. R. L. Harrison of the Commodity Credit Corp. and Fred Rossiter, Dept. of Agriculture Far East expert—is making a quick trip to the Orient to report on the developing rice crisis.

Rep. Stephen Pace's food investigating committee will provide another sounding board to impress the public.

Skeptical for many months about the seriousness of the world food shortage, the Administration is swinging to the view that conditions are going to be bad through most of 1947. This country's present export commitments are expected to increase; they include no allowance for the oriental situation. Even with good weather, Europe's 1946 crop will suffer from lack of fertilizer and hungry labor. And officials are getting increasingly worried about our own 1946 wheat crop (page 10).

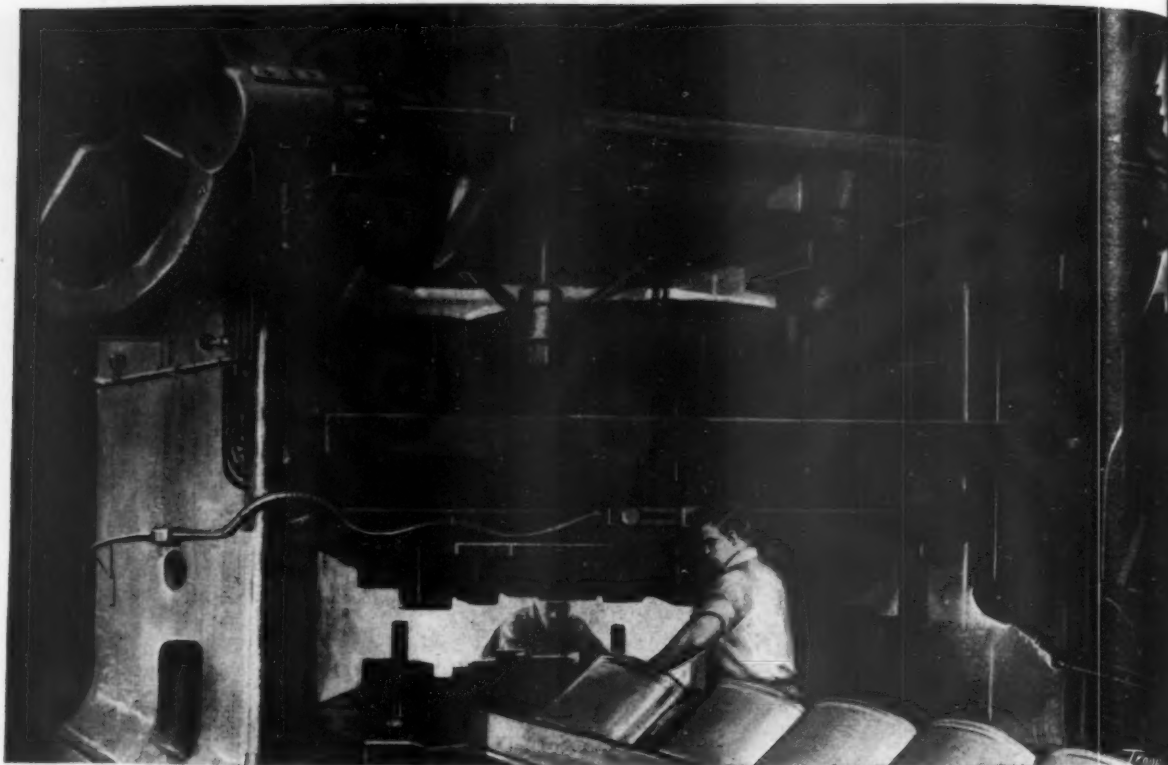
## ECCLES IS WARMING UP

The Federal Reserve Board may soon quit the quiet corner to which it resigned itself during the war.

Chairman Marriner S. Eccles is expected to ask Congress soon for substantially increased powers over the percentage of cash reserves which member banks must carry against deposits. The object is to force banks to disgorge a big chunk of their government bond holdings, a prime factor in the tremendous wartime expansion of bank deposits (BW—Feb. 9'46, p19).

## EXECUTIVE INCENTIVE

From under the wing of Henry Wallace, of all people, comes a proposal to lower personal income tax rates on upper bracket earned income. The scheme is the product of a study of incentive pay plans initiated by Albert



## How American Seating Company cuts its labor accounting costs almost in half!

Several years ago in the face of growing complications in labor accounting, the American Seating Company of Grand Rapids installed National Industrial Accounting Machines.

Immediately, the cost of payroll production per employee was reduced 41%. The direct over-all saving was approximately \$25,000 per year. Earlier and more accurate reports were obtained. The total cost of the new system was less than the annual saving.

**Here's what the National system does for American Seating:** Payroll check for each employee showing in printed figures gross pay, amount of each deduction, and net amount of check. A complete payroll summary and detailed employee's earnings record showing same printed data. Distribution of costs by department and by job. Elimina-

tion of direct labor distribution work formerly done by cost department and factory clerks.

The American Seating Company's business is building a large part of the nation's school desks and seating for theatres, auditoriums, and transportation. Its installations range from Radio City Music Hall to the smallest school room.

However, the size or nature of the business does not matter. There is a National Accounting Machine for every plan of industrial and payroll accounting as well as for all types of business accounting. Let a National representative examine your needs and make recommendations without obligation to you. The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.



Two types of National Accounting Machines by the American Seating Co.



**Making business easier for the American businessman**



...ing, Chicago businessman whom  
...place brought into the Commerce  
...t. from a general's uniform at the  
...Dept.

...ata have been collected on incentive  
...and bonus schemes for labor, and  
...ous forms of commission arrange-  
...t for salesmen. Along the same line,  
...ning believes that present high sur-  
...rates offer insufficient incentive to  
...executives to push operations to a  
...level. The idea has been broached  
...the Treasury Dept.—and received the  
...noncommittal response.

## SUPPORT FOR UNIONS

The observations" of President Tru-  
...s fact-finding panel in the steel  
...have given new impetus to union  
...ands for restoration of wartime  
...ings under a shorter peacetime  
...k-week.

After noting that the C.I.O. steel-  
...ers would be entitled to not more  
...n 12.6¢-an-hour increase on the basis  
...the 33% increase in cost of living,  
...panel pointed out that an increase  
...22.6¢ would be necessary to restore  
...time earnings when the industry  
...amed to a 40.2-hour week which pre-  
...ed in 1942. On this basis the 18½¢  
...se recommended by the President  
...is justified, the panel concluded.

The announced policy of the Ad-  
...ministration is that the employer should  
...ke up for some, but not all, of the  
...s in wartime take-home pay.

## Kaiser's Cry Is Heard

The Justice Dept. listened attentively  
...Henry Kaiser's complaint that the  
...el companies were refusing his orders  
...reprisal for his quick settlement with  
...O's steelworkers. (His Fontana mill  
...eed to an 18½¢ raise, had no strike.)  
...But any action would require evi-  
...nce of conspiracy, and Kaiser's pub-  
...outcry could be interpreted as de-  
...pendence on the pressure of popular  
...union in his effort to get sheet for  
...iser cars.

Furthermore, the steel industry can  
...sily show that it requires Herculean  
...erts to find a few extra tons out of  
...m even for old customers.

## SLEEPER APPEAL

Railroads had expected the Justice  
...pt. to appeal the trial court decision  
...lowing them to buy out Pullman's  
...eping car business (BW—Dec.29'45,  
...6), but they now wish more than

ever that they had taken up Pullman's  
...sale offer when it was made instead of  
...waiting until other bidders put in an  
...appearance.

The appeal, which goes direct to the  
...Supreme Court, will hold up the sale  
...of the sleeping car business for a year  
...or more. Meanwhile, the individual  
...roads don't know exactly what to do  
...about ordering new sleeper equipment.  
...Also, there always is the chance that  
...the Justice Dept. will get its way and  
...that the court will approve sale to the  
...group which includes Otis & Co.,  
...Cleveland investment house, and Robert  
...R. Young, the maverick railroad execu-  
...tive (page 34).

## RAIL RATE SHOWDOWN

The government's antitrust suit  
...against the western railroads (BW—Oct.  
...6'45,p24) finally is working around to  
...a showdown on the basic issue: whether  
...the antitrust laws can be used to break  
...up the longstanding system of fixing  
...freight rates through a network of  
...bureaus and conferences.

The 47 defendants' answer, filed this  
...week, contended that collaboration in  
...rate-making was a practical necessity  
...and a legal requirement under present  
...law.

The case almost certainly will be  
...fought up to the Supreme Court. Mean-  
...while, railroad men are looking more  
...and more longingly toward the Senate,  
...where the Bulwinkle bill specifically  
...exempting rate-making conferences from  
...the antitrust laws is hanging fire.

## BYRNES ISN'T QUITTING

Discount the epidemic of denials that  
...James F. Byrnes is on his way out of  
...the cabinet, but he will be there for  
...quite a while yet.

There's no doubt that President Tru-  
...man would like to see Byrnes go. Tru-  
...man is more in sympathy with the  
...Anglo-American anti-Comintern pact  
...proposed in Churchill's speech—which  
...Truman saw before it was delivered—  
...than with Byrnes' policy of "appease-  
...ment" toward Russia. But Byrnes won't  
...resign willingly. And Truman will hesi-  
...tate a long time before he puts himself  
...on the spot of having to appoint a new  
..."vice-president."

## PROTESTS UNHEEDED

The flareup within the U. S. Con-  
...ciliation Service against appointment of  
...former National War Labor Board per-

sonnel to key jobs won't get anywhere.  
...The infusion of new blood is part of the  
...program recommended last November  
...by President Truman's labor-manage-  
...ment conference to strengthen the trou-  
...ble-shooting organization.

Conciliators are not under civil serv-  
...ice. Consequently, the inefficient and  
...old—many of them past the retirement  
...age—are fearful for their jobs.

## FRESHMAN HAZING

J. A. Krug, new Secretary of the Inte-  
...rior, will get his baptism of fire in John  
...L. Lewis' battle with the government  
...for higher wages, better working condi-  
...tions for his coal miners. One of the  
...jobs that Krug inherits from Harold L.  
...Ickes is that of Solid Fuels Adminis-  
...trator. This wartime organization was  
...to be liquidated Mar. 1, but President  
...Truman has asked it to carry on at least  
...until June 1 because of the coal strike  
...threat (page 78).

## ALMOST A PRECEDENT

The natural gas industry lamented  
...the shape of things to come this week  
...when the Federal Power Commission  
...issued its second order within 90 days  
...setting a 6% rate of return for a  
...natural gas company instead of the  
...usual 6½%. In establishing 6% for  
...the Penn-York Natural Gas Corp.,  
...whose only customer is Republic Light,  
...Heat & Power Co. serving in New York  
...state, FPC followed the pattern of its  
...order setting 6% for Mississippi River  
...Fuel Corp. by emphasizing Penn-York's  
...adequate depreciation reserve, and long-  
...term gas purchase contracts at one end  
...of the line and long-term sales contracts  
...at the other.

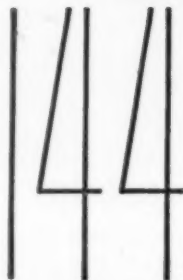
## CAPITAL GAINS (AND LOSSES)

Federal Reserve Board expects to be  
...out by midyear with the result of its  
...survey of savings—who has the savings  
...and what they intend to do with them.  
...Sampling interviews are already under  
...way.

Because he drew a split decision from  
...the undermanned Supreme Court in a  
...case involving the Robinson-Patman  
...antiprice-discrimination act (BW—Feb.  
...16'46,p7), Thurman Arnold has peti-  
...tioned for a rehearing before the full  
...court.

It begins to look as if Congress will  
...really slap a law on James Caesar Pe-  
...trillo. Other labor leaders won't be  
...too unhappy if the A.F.L. music czar's





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high-handed activities are curbed by congressional action.

Natural rubber allocations will be increased shortly from 10,000 tons to 15,000 tons a month. Most of the increase will go into better heavy-duty bus and truck tires for summer use.

The CPA burnt its fingers again on relaxation of a wartime control—by permitting use of natural rubber for experimental manufacture of rubber cement. Through the black market the rubber is turning up in ladies' handbags, shoes, etc., and controls have been put back on.

—Business Week's  
Washington Bureau

## THE COVER

George W. Mason, 54-year-old president of Nash-Kelvinator, is well equipped to guide the Automobile Manufacturers Assn. around the sharp curves of wages, prices, and reconversion on the road back.

The quiet efficiency of cigar-chewing Mason is one reason he was picked for A.M.A.'s presidency to succeed Alvan Macauley of Packard, who resigned after 18 years in the post. And he was a fairly natural choice in view of the policy that the association should not be headed by a representative of the Big Three (Ford does not belong to the organization).

Mason was introduced to automobiles in his boyhood; he worked in his father's dealership in Valley City, N. D., before going to the University of Michigan to study business administration and engineering. He went to Studebaker in 1913, to Dodge in 1915, to Manhattan's Irving National Bank in 1919, was in charge of Chrysler manufacturing from 1921 to 1926, then became president of Copeland Products, Inc.

In 1928 Mason was president of Kelvinator Corp. Charles Nash, major stockholder of Nash Motors Co., wanted him for president. Kelvinator demurred, and the answer to mutual desires was a merger—Nash-Kelvinator—in 1936.

As A.M.A. president, Mason will look over a broad sweep of activity. The association administers the cross-licensing arrangement between vehicle competitors, under which they permit each other to use their patents without royalty payments. It runs the annual Automobile Show, sponsors research on every subject of interest to the member corporations through its offices in Detroit, Washington, and New York.

**The Pictures**—Int. News—15; Harris & Ewing—17; Acme—19, 26 (left); Press Assn.—26 (right), 40, 64, 83, 101; Charles Phelps Cushing—78.

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BUSINESS WEEK • Mar. 9, 1946



# THE OUTLOOK

BUSINESS WEEK

MARCH 9, 1946



Industrial activity by the middle of March will just about be back to where it was before the steel strike.

But the situation isn't as pretty as one might think.

We shall just be over the effects of the steel strike when we find ourselves face-to-face with an Apr. 1 crisis in coal.

John L. Lewis' United Mine Workers and the operators, left to their own devices, probably could come to terms early in April if not by the time their contract runs out the end of this month (page 78).

But the wage-price formula is in the way.

The coal operators probably won't grant a wage boost as large as Lewis demands without assurances on prices. And Economic Stabilization Director Chester Bowles has said, in so many words, that he won't approve a price increase until after wages are raised.

In addition, the coal industry is earning pretty good money now whereas it had losses in the 1936-39 period which OPA uses as its profits base in figuring prices. Bowles thus might tell the operators they don't need relief.

On the other hand, the coal people can claim hardship, pointing to huge deficits in the 1936-39 period. Would OPA say: "O.K. But at your present profit rate you can give on wages and still make money"?

If so, the deadlock in coal might last all summer.

The coal settlement, when it comes, probably will be rather like that in steel. And for much the same reason: We can do without coal even less than we could without steel.

Here's the way it looks. The miners will walk out (in reality, against the government's price policy). After a time, shortage of coal will begin to slow the wheels of industry (barring a government takeover). Bowles will tell the operators that if they raise wages a certain percentage, he will grant price relief of about so-and-so-much.

This way, he could give the appearance of sticking to his policy of no price concession until after a wage agreement has been signed. If he does it quickly enough, we may not lose too much coal output.

High coal production in January and February helps cushion consuming industries against a possible walkout of the miners. Consumption was reduced, meanwhile, by the month-long steel strike.

Industrial stocks of bituminous rose from December to January—one of the months when the seasonal decline usually is pretty sharp.

In terms of the number of days' supply on hand, industrial consumers on the average are ever so slightly better off than a year ago; in terms of actual tonnage, however, stockpiles are below the end of January, 1945.

The Administration's new wage-price formula so far has just one success to its credit against the many failures. The rubber industry reached a wage agreement without being struck (page 84).

Consuming industries this week were getting their first good look at the new steel prices.

The OPA adjustments clearly are designed to help the smaller, non-

# THE OUTLOOK (Continued)

BUSINESS WEEK

MARCH 9, 1946

integrated steel companies. The semifinished steel they buy gets relatively small price increases, and the finished products they turn out in general receive above-average advances.

There is some doubt, however, that everything will work so nicely.

Will the integrated mills sell semifinished steel to the nonintegrated companies or will they finish it themselves into long-profit items? Iron Age, in analyzing the situation in its current issue, raises that question. In answer, it says that the large companies rely on the nonintegrated plants as customers in normal times and will hesitate to break these friendly relationships. Nevertheless, the magazine concludes, semifinished steel will be hard to get for some time.

Spreading strikes in the nonferrous metal industry have choked domestic copper output down very sharply. This, however, has little immediate import to consumers due to the large government stockpile.

The situation in lead, however, is much more serious.

The Civilian Production Administration promises that there will be enough to provide a battery for each car made in the second quarter of the year. Failure to mention replacement batteries, much in demand, seems to mean pretty specifically that they will be scarce.

Lead for high octane gasoline may have to be curtailed. Also lead pigments for paints and other uses will be short.

Paints for the exteriors of both new and old housing present a serious problem. Not only are lead pigments short, but production of titanium is at present running less than half the apparent demand.

Titanium dioxide's opacity and covering qualities make it an excellent and relatively low cost pigment for white paints.

Large domestic ore bodies exist, but capacity for the manufacture of titanium dioxide now is far short of needs. CPA is trying to expand capacity, but strikes are delaying needed materials and equipment.

A shortage of evaporated milk is not at all improbable.

This is a byproduct of declining dairy production (page 30). One of the largest producers, which normally carries an inventory of around 20,000,000 cases, now is working from hand to mouth.

Watch the weather west of the 100th meridian. Rainfall is needed to assure a good 1946 wheat crop and range grasses for cattle.

Much of the western Great Plains, from northwestern Kansas to southern South Dakota, is suffering from lack of moisture. While the crop there is not beyond hope, it is deteriorating.

In the southern Rocky Mountains and the far Southwest, cattle ranges are badly in need of moisture. Spread of this condition and midsummer drought would be little short of disaster for cattlemen.

Western ranges have been overpopulated with beef animals for a long time. Grasses have been overpastured, can't withstand drought. Bad weather would bring a rush of light grassers to market, and midwestern feeders haven't the corn to "warm them up," much less finish them into good beef. Washington is hushing this, but authorities are plenty glum.

# FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below). . . . .	*150.5	144.0	148.0	231.0	162.2

## PRODUCTION

Steel ingot operations (% of capacity).....	78.4	58.6	6.0	95.9	97.3
Production of automobiles and trucks.....	17,575	19,410	29,295	18,545	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$11,342	\$10,784	\$11,356	\$6,134	\$19,433
Electric power output (million kilowatt-hours).....	4,000	3,923	3,983	4,472	3,130
Crude oil (daily average, 1,000 bbls.).....	4,726	4,714	4,609	4,765	3,842
Bituminous coal (daily average, 1,000 tons).....	2,102	†2,011	2,088	1,988	1,685

## TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	69	68	68	81	86
All other carloadings (daily average, 1,000 cars).....	51	50	50	48	52
Money in circulation (Wednesday series, millions).....	\$27,938	\$27,955	\$27,914	\$25,750	\$9,613
Department store sales (change from same week of preceding year).....	+20%	+19%	+17%	+21%	+17%
Business failures (Dun & Bradstreet, number).....	15	18	31	18	228

## PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	271.1	269.7	266.1	255.3	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	170.6	170.4	170.0	166.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	237.5	235.1	234.6	226.2	146.6
Finished steel composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$1.69	\$1.69	\$1.69	\$1.66	\$0.99
Sugar (raw, delivered New York, lb.).....	4.20¢	4.20¢	3.75¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	26.78¢	26.27¢	25.21¢	21.79¢	13.94¢
Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

## FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	136.5	136.2	148.0	113.6	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	2.94%	+2.95%	2.97%	3.38%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.48%	+2.49%	2.49%	2.62%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	4-4½%

## BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	37,600	37,687	38,026	37,018	23,876
Total loans and investments, reporting member banks.....	68,148	68,182	68,211	58,501	28,191
Commercial and agricultural loans, reporting member banks.....	7,382	7,386	7,300	6,251	6,296
Securities loans, reporting member banks.....	4,865	4,852	5,024	2,982	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	49,518	49,586	49,656	43,912	14,085
Other securities held, reporting member banks.....	3,452	3,415	3,365	2,955	3,710
Excess reserves, all member banks (Wednesday series).....	1,140	1,060	1,220	965	5,290
Total federal reserve credit outstanding (Wednesday series).....	23,677	23,787	23,898	20,158	2,265

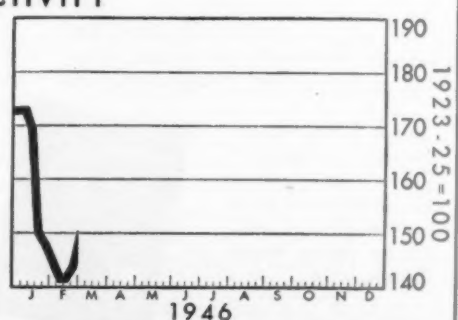
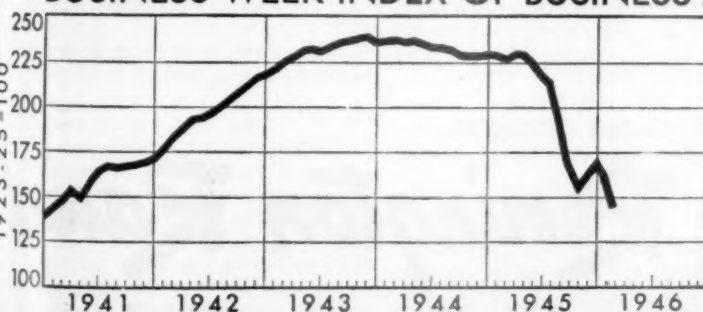
\* Preliminary, week ended March 2nd.

† Revised.

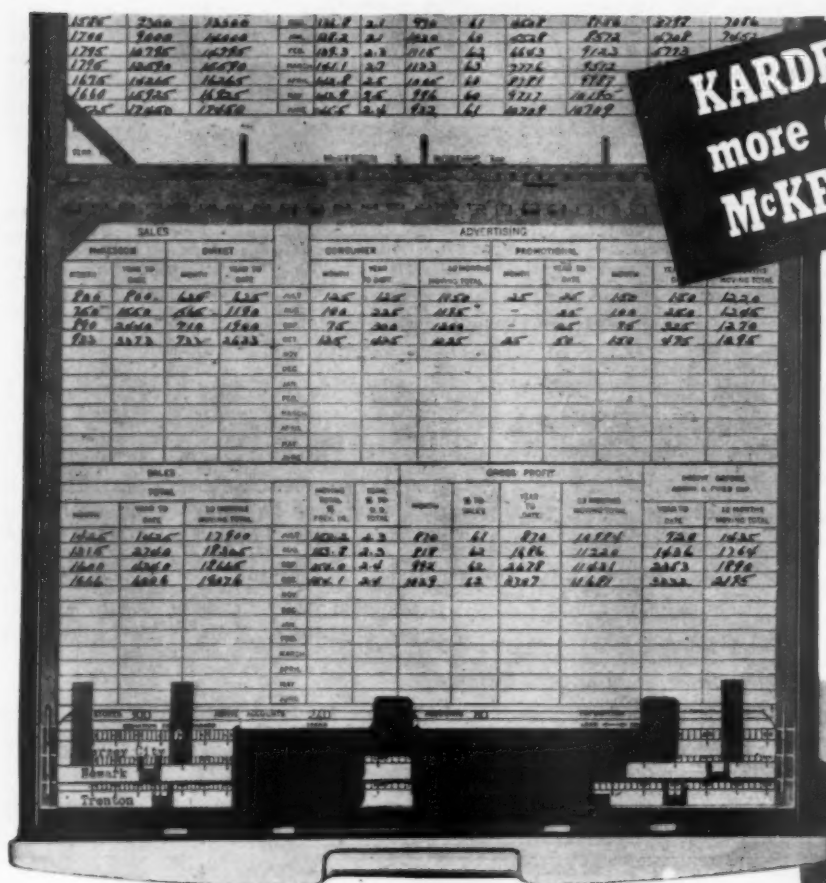
‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



# A Formula that holds selling costs in check



**KARDEX makes profits more certain at McKESSON & ROBBINS INCORPORATED.**

**1 EFFORT:** Signals at left of KarDEX Record measure recent local advertising.

**2 RESULTS:** Second signal compares local sales with national activity.

**3 SALES TREND:** Sales on current 12-month basis vs. year ago — Graph-A-Matic Signal Control.

**4 PROFIT and LOSS:** The actual record of 12 months to current date is also shown Graph-A-Matically.

**5 PROFIT TREND:** Visible comparison of current profits with last 12-month period.



McKesson & Robbins, Incorporated, requires each product to pay its way as it progresses. One step at a time, every step a profitable one for the manufacturer and the druggist. With such controls as this KarDEX Record, McKesson executives are assured that sales volume on each advertised product in each area covers the promotion costs incurred.

All pertinent facts are known and shown *graphically* for quick, accurate analysis and comparison. Un-

justified expenditures are cut off before they start creating losses. Waste is eliminated. Opportunities for *profitable* sales increases of McKesson products are evident in a glance at this record — and its ingenious design minimizes the effect of temporary or accidental conditions.

In these days, sales managers must know where their products are going, and the most profitable way to get them there.

This is one of the types of KarDEX record control that reveals the required facts... in the most readily usable form... *visually charted on the record itself.*

...

May we show you how others are obtaining desired results?

"Graph-A-Matic Control for Sales Management" has been widely praised by sales executives for its practical planning help. Ask our nearest Branch Office for a copy.



SYSTEMS DIVISION

## Remington Rand

315 Fourth Avenue, New York 10, N.Y.



## New Report—Old Objectives

President, early in 1947, will give Congress over-all picture of business conditions, employment trends, production, and purchasing power. Economic Council will act as clearinghouse.

Some time during the opening weeks of 1947, the President will present to Congress a new kind of report that will blaze a trail toward a new frontier for industry, agriculture, labor, and government.

It is the economic report called for by the Employment Act of 1946, known as the full employment bill.

**Objectives**—In this report, the President has to set forth a picture of over-all business conditions as they exist at that time. He also must forecast the probable trends of employment, production, and purchasing power in the year ahead—and what should be done to keep them at the highest possible levels consistent with a healthy, American economy.

These objectives are not new.

They are an echo of aims stated by Herbert Hoover in 1921 when Secretary of Commerce and chairman of the Harding Conference on Unemployment. They are an attempt to pick up where the Federal Employment Stabilization Act of 1931 left off, after the functions of its Employment Stabilization Office were transferred to the National Resources Planning Board in 1939, only to die four years later when a suspicious Congress cut off NRPB's appropriations. The board's last words were "After Defense—Full Employment."

**Same Pattern**—Then, as now, there was to be consultation on economic trends with private research organizations as well as government agencies. Then, as now, the President was to receive informed estimates of present and prospective industrial activity; there was to be advance planning on an ambitious scale. Then, as now, the President was to be given a storm signal at the first black clouds on the economic horizon.

But the central responsibility for battling down the economic hatches was not placed with the Chief Executive, or with anyone else. And by the time the stabilization act—originally proposed in 1928 by Sen. Robert F. Wagner of New York—was passed in 1931, the storm had struck.

**Implicit Guarantee**—A few years later, Uncle Sam began climbing out of the storm cellar, and, with the exception

of a squall that hit in the fall of 1937, never went back. Early in 1945, with the end of the war in sight, a war that pushed production and payrolls to the highest levels ever known, "full employment" was again held up as America's long-range domestic problem No. 1.

A battle of words ensued.

Last month, after the Senate and House had hemmed and backed for more than a year, they came out with the Employment Act of 1946. The law does not "guarantee" that the federal government will provide jobs if private industry can't. Nor does it commit federal expenditures adequate to

furnish this assurance. But the Administration, at least, regards these objectives as still implicit in the language of the final act.

**Economic Council**—Heart of the law is the annual economic report by the President, which is subject to continuous revision.

For assistance in preparing it, he is to name an Economic Council of three members (salary \$15,000 per annum), subject to Senate confirmation. Truman is expected to pick these oracles almost any day now.

Speculation points to Harold D. Smith, director of the Budget Bureau, as chairman. He has an intimate knowledge of the operation and interrelation of the government's sprawling machinery; he would come in for little, if any, fire from liberals or conservatives.

As for the others, speculation—again—points to diverse possibilities: New Dealers, such as Leon Henderson, Robert Nathan, or Isador Lubin; "liberal" businessmen, such as Eric Johnston, Paul G. Hoffman, or Beardsley Ruml; academicians, such as Professors Alvin H. Hansen or Sumner H. Slichter, or Clarence Dykstra; "liberal" southerners, such as Gov. Ellis G. Arnall of Georgia or Homer P. Rainey, former president of the University of Texas.

**Congressional Committee**—The council will be the President's economic eyes and ears. The job of the council and its staff will be to study business trends, cross-checking with government agencies and outside research bodies, keeping in touch with Congress, collecting all necessary statistical information, spurring the development of needed economic data.

Equally important is the Joint Congressional Committee on the Economic Reports; to consist of 14 members—seven to be appointed by the Speaker of the House and seven by the President of the Senate.

This will be the first permanent economic policy body ever set up in Congress, and it's intended to act as a clearinghouse for all legislation relating to the economic program as outlined by the President.

**Automatic Controls?**—Supporters of the employment act are getting impatient. Neither Speaker Sam Rayburn of Texas nor Senate President Kenneth McKellar of Tennessee seems disposed to name soon the committee. The congressional group must work hand in hand with the President's council if this method of attacking the country's economic problems is to be at all effective.

The joint committee must be bipar-



### HEAVILY CHARGED

In the midst of one of the toughest fights that a presidential nominee for high office has ever had to face, Edwin W. Pauley still wears his halo with aplomb—thanks to the photographer who posed him with a chandelier background. Despite charges of bartering political influence for Democratic campaign contributions, Pauley did not prove in any hurry to withdraw his name for the office of Under Secretary of the Navy.

tisan. So another worry is that the present split within the Democratic Party may carry over to this group. Then, too, the regular standing committees in Congress, jealous of their prerogatives, may hamstring this newcomer. Their reaction to automatic stabilizers for the the country's economy is likely to be hostile.

But the feasibility of various automatic devices is one possibility that will be explored by the organization now being assembled under the new law—automatic devices whereby tax rates would rise and fall with industrial production; whereby the duration of unemployment compensation would vary with job conditions; whereby the volume of public works would fluctuate inversely to business activity.

• **Blind Spots**—Unfortunately for this whole attempt to maintain the country's economic equilibrium, both the government and business have a bad score on economic forecasting. Part of the trouble is inadequate information, despite the great strides in methods of collecting and analyzing statistics over the past decade.

One big blind spot is business investment. How much will corporations and others spend in a given year for machinery, plant, residential building, and inventories?

Another is the relation of consumer income to consumer expenditures. Will a man making \$3,000 a year spend the same proportion of his earnings this year as he did last? How much difference does a bank account make? How much the assurance of continued employment?

What is the relation of tax policy to spending? Of patent, antitrust, and labor policy to production and employment?

Finally, there must be some way of adjusting for the "human" element; an attempt to forecast business conditions is an attempt to forecast human behavior.

• **Gathering of Information**—Secretary Henry Wallace, patron of full employment, expects his Commerce Dept. to carry the load of supplying information to the Economic Council. The department has been developing forecasts of business investment for almost a year. It is also working with the Treasury Dept. to determine the effect of tax policy on production and employment. Plans are under way to revive the studies of consumer expenditures made by the National Resources Committee ten years ago.

Only time will tell whether this mechanism for achieving and maintaining "maximum employment, production, and purchasing power" will work out satisfactorily.

The clock has been wound and is now ticking away.

## Renegotiation Test

First protested case is settled without court ruling at higher refund figure than Army had asked in the first place.

Most war contractors faced with a demand from Army and Navy contract renegotiation boards for a refund of excessive profits have paid off philosophically and more or less voluntarily—to the tune of more than six billion dollars. And apparently they played it smart, if you can judge by the first protested case to be finally settled by court decision.

In this case, the Aviators' Clothing Co. went into the U. S. Tax Court to protest an Army decision that it must refund \$48,000 of excessive profits. Aviators' Clothing has just settled for \$48,500 without waiting for final court determination. Justice Dept. officials are underlining the moral that firms that go into the tax court stand at least as good a chance of seeing the ante upped as they do of getting relief.

• **Recapture Method**—The original renegotiation law was passed early in the war as a means of heading off congressional pressure for a statutory profit-limitation which, the armed forces felt, would put their contracts in a strait jacket. It required the forces to re-examine all major contracts and subcontracts to determine whether, as a result of lower costs or overpricing, excessive profits had been taken. Any excessive profits found after such an examination were to be recaptured.

Although contractors have protested, most of them have not felt too badly treated by the renegotiation boards set up by the services. Only some 350 of them have taken advantage of an amendment approved early in 1944 permitting them to appeal to the U. S. Tax Court against renegotiation findings which they consider unfair. The contested cases involve total refunds of about \$240,000,000. The Aviators' Clothing case is the first of these to be wound up.

• **An Independent Audit**—Procedure, when one of these cases is filed, is for the Justice Dept. to conduct an independent audit of the contract operations as a check on the renegotiation board. In many cases, the Justice Dept. has recommended an increase in the refund demanded, in most has confirmed the board finding, and in a very, very few cases has recommended a reduction. The case is then argued before the tax court, whose decision is held to be final.

The tax court has plenty of room to move around in. "Excessive profits"

have never been reduced to definite formula (BW—Aug. 22 '42, p14). The boards have given weight to such factors as valuable economies achieved by the contractor, speed in conversion to war production, unusually rapid output, and the like. And it's up to the court to decide whether the proper weight has been allowed them.

• **Routine Suits**—In all contested cases where the refund has not yet been paid, and in uncontested cases where, for some reason, the money hasn't been forthcoming, the Justice Dept. files a routine collection suit in district court. Suits involving some \$30,000,000 have been filed.

Constitutionality of the whole renegotiation procedure has been questioned in several suits, and the department is hopeful that the issue will get to the Supreme Court at this session. One case, involving a refund from Manlove & Spaulding, a Douglas Aircraft subcontractor, is nearing a decision in circuit court. And a case brought by Lincoln Electric, one of the bitterest opponents of renegotiation, is now before a special three-judge court.

Justice Dept. lawyers are reasonably sure of themselves on the constitutionality question—and they don't even want to think about what they'd face, with more than six billions already collected, if the court threw them down.

## JAHCO IN TRANSITION

The Cleveland firm of Jack & Heintz, one of the most unorthodox—and most successful—of the industrial war babies, finally has managed to put itself on a peacetime footing. President Bill Jack this week announced that his company was in the process of merging with Precision Products Corp., to form a new company, Jack & Heintz Precision Industries, Inc.

The merger, expected for some time (BW—Jan. 19 '46, p8), will put a group of eastern investors, headed by B. C. Milner, Jr., of New York, in control of the new company. Precision Products Corp. is merely a corporate device set up for the purpose of buying into Jack & Heintz.

Both Bill Jack and his partner Ralph Heintz will hold stock in the new company, and both will remain as officers, on five-year contracts. For the present, however, the majority of the stock will be held by the buying group. Eventually, there probably will be a public offering of securities.

The new company is slated to manufacture aircraft equipment, small motors, bearings, refrigerator parts, electronic gages, machine tools, and similar items.

Other manufacturers are wondering what will happen to Jack's famous program of employee relations. During

the war, his workers—whom he always called his "associates"—were spurred to extra production by a system of bonuses, trips to Florida, special gifts, and the like. The best guess among Jack's competitors is that his methods will have to change considerably when the new company goes into production.

## Flour Rule Stands

Only one relaxation of the 80% order is in prospect—to permit manufacture of farina, important as a baby food.

The Agriculture Dept. is standing pat on its wheat conservation order as put into effect on Mar. 1. In a few days, however, it may draw one card—a change in the 80% extraction provisions which will permit millers to produce farina.

The importance of farina, which is marketed as Cream of Wheat and under other trade names, provides strong pressure for this change. But the department is completely unimpressed by the pleas of specialty bakers, manufacturers, and other specialized wheat users.

• **Splitting the Berry**—The extraction order does not simply require that 80% of the wheat berry be utilized by millers (BW—Feb. 16 '46, p15). It flatly forbids the production of any flour containing less than 80% of the berry. Normal milling practice calls for a grind which devotes 72% of the berry to human consumption, and the rest becomes mill feed for livestock. Then the finest 2%-3% of this output becomes farina. Another cut may be made at 15% or 20% to supply macaroni and spaghetti makers. Cake flour uses about the finest 40%.

Elimination of cake and other specialty flours means that bakers are not simply faced with a shift from a 72% to an 80% flour. They must shift from, say, a 40% flour to an 80%. And farina, under the present order, cannot be made.

• **Technical Problems**—There are some tricky technical questions in connection with an exemption for farina. Many millers feel that 80% flour is so close to the margin that removal of the farina would definitely lower the quality of the remainder, causing competitive difficulties.

Despite a few dire predictions, it's not expected that any wheat products, except special flours themselves, will actually disappear from the market. Even the macaroni people now believe they can make a passable product with 80% flour.

Cake bakers, makers of special pre-



## TO PERSUADE US TO TIGHTEN OUR BELTS

With the United States the major bulwark against starvation abroad, President Truman calls to order in the White House his newly formed Famine Emergency Committee. Responsibility for success of the committee, whose main task is to persuade U. S. citizens to eat less than others may eat, falls to Chester Davis, president of the Federal Reserve Bank of St. Louis, and former second World War food administrator; former President Herbert Hoover (on President Truman's right), another expert in feeding, is honorary chairman. To give the committee broader representation, its civic members include movie czar Eric Johnston; Justin Miller, president, National Assn. of Broadcasters; Sinclair Oil's Sheldon Clark; Eugene Meyer, Washington Post publisher; George Gallup, public opinion expert; and General Food's Austin S. Igleheart.

pared mixes, and the like will have to reduce output. It takes more shortening and sugar to produce a satisfactory product with 80% flour—and the bakers haven't got it.

• **Where Pinch Will Come**—Actually, it's in down-the-line reduction of available wheat products, more than in color of bread, that the public is going to feel the wheat conservation program.

High domestic consumption of wheat during the second half of 1945 plus export of around 170,000,000 bu. reduced U. S. stocks at the beginning of 1946 to no more than 689,000,000 bu.

Of this amount, 225,000,000 are supposed to be exported during the first half of 1946—an export rate more than three times that of any previous year and about ten times the wartime average. A carryover of 150 million bushels into the second half of 1946 is considered essential to meet technical requirements and as insurance against the rather likely possibility of a poor winter wheat crop.

• **For Domestic Needs**—Thus a total of some 314,000,000 bu. remains to meet domestic food and feed needs for the first half of the year. If last year's consumption pattern repeated itself, some

230,000,000 bu. would be used for food and about 138,000,000 for livestock feed (including a grain equivalent for by-product mill feed). This is about 54,000,000 bu. too much. Consumption must be reduced if foreign commitments are to be met.

The 80% extraction order automatically effects a saving in food use, since it requires 10% less wheat to produce the same amount of flour. And the conservation order can, if necessary, hold down the actual output of flour. Under the order, country shippers must offer to the government for export any wheat which is not needed to maintain a 45-day inventory for their mill customers.

• **Feed Restriction**—The order sharply limits use of wheat for feed. Eighty percent extraction means that 25% less mill feed is produced as a byproduct and mixed feed manufacturers must progressively reduce the wheat content of their feed.

Even with these economies, there remains the problem of getting the wheat from the farm to the ports. The immediate difficulty is transportation. Normally, the bulk of export wheat moves via the Great Lakes, and movement slows when the lakes are frozen. Con-



tinuation of large exports this winter has choked the rails and resulted in failure to meet February commitments. The Agriculture Dept. is hopeful that transportation priorities assigned last week to export wheat will ease the difficulty.

• **Will Farmers Sell?**—If it does, the next big question mark is whether farmers will sell or will keep their wheat on the farm—hoping for higher prices and

fearful lest they have to sell two crops in one year, thus getting into the upper tax brackets.

OPA took a first step towards meeting this difficulty last week when it put through its annual readjustment of grain ceilings several months early. Grain ceilings are normally maintained slightly above parity, providing a "cushion" so that ceilings can be adjusted at the beginning of the crop

year instead of each month when parity is recomputed. Increases in parity have wiped out the cushion, and OPA has reestablished it so that farmers won't hold for the readjustment.

If real trouble arises, the Agriculture Dept. may give consideration to western proposals that the government "borrow" export wheat, paying for it at then current prices whenever the farmer wants to take his money.



## Tomorrow's House—and Gadgetry

Wartime dreams become peacetime realities in the postwar house that Fritz B. Burns has built in Los Angeles to demonstrate the utility—or lack of it—of dream gadgets. Burns' outlay: \$200,000.

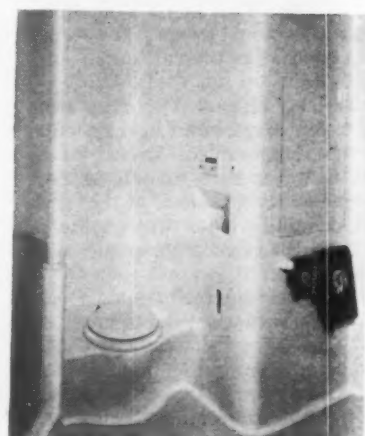
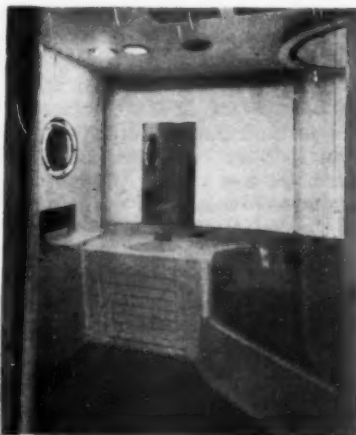
• **Under the Counter**—An associate of Henry J. Kaiser in housing development, Burns introduces in the food end of the kitchen (above, left) Kaiser's new dishwasher, Servel's console-type Servel gas refrigerator (at model's left), rotating circular shelves for pots and pans, back-burner range.

Only breaks in counter space are for doors and housewife's desk (above, right), with controls at hand for Pop-Up lawn sprinkler, garage doors, radio, phonograph, intercommunication system, telephone. Counter spans Westinghouse Laundromat, dryer, and ironer, ventilated vegetable cabinet, and refrigerated food storage cabinet.

• **Supersanitation**—Mechanical core (right) ties heating and ventilating equipment into one package. Air is sucked through duct, Precipitron (removes dust), heater, and air conditioner.

Lavatory, tub, and toilet were hand-molded to illustrate Burns' belief that they could be stamped out

as a unit in quantity. Bathrooms rival the kitchen in gadgetry; midget radio and magazine rack are beside toilet (below, right); at the other end (below, left) are concave shaving mirror illuminated by Circline lamp, electric toothbrush and shaver, overhead sun lamp, hair dryer, and ventilating fan, shower with circular sliding Plexiglas partition. Other innovations: central radio with controls in every room; inbuilt television receiver; switch at bed to snap on all lights in house and thwart prowlers; aluminum-skinned Celotex roof.





# Wage Board Gets New Life

Latest Truman formula provides wide authority for NWSB in determining pattern of wage increases. Revitalized agency is issuing broad exemptions to help break logjam of labor disputes.

The new wage-price policy has catapulted the National Wage Stabilization Board from a side street back to the nation's main economic thoroughfare where its predecessor, the National War Labor Board, was an imposing figure in employer-employee relations. Something new has been added to what has been a strictly third-line agency.

• **Importance Fluctuates**—For six weeks after its birth on Jan. 1 the six-man, tripartite NWSB labored over technical regulations, issued routine decisions as the bush-league successor to NWLB. It was somewhat bothered about the handling of a few wage decrease requests that were dribbling in. There was a backlog of some 8,000 illegal wartime wage-increase cases that had to be cleaned up. Disputes were no longer its concern. Personnel had dwindled from 2,500 under NWLB to about 700. Wage applications had fallen off from 3,500 to 150 a week. Key men had left. Only a ghost of the old NWLB remained.

Then came a shot in NWSB's arm: President Truman's new wage-price formula of Feb. 14. New areas were opened in which wage increases would be allowed to push up prices. The new policy vested the board with wide authority to issue industry-wide decisions through determining the "general pattern" of wage increases which had taken place in an industry or local area since V-J Day, and to pre-approve such increases for others in the industry or area (BW—Feb. 23 '46, p15).

• **Demand for Speed**—If no general pattern had developed, the board could approve increases necessary to correct gross inequities in "related industries, plants or job classifications," or correct disparities in wage "rate" increases between January, 1941, and September, 1945 (a new Little Steel formula which would have a 33% instead of a 15% yardstick).

This was all meat added to the skeleton of the President's executive order of Oct. 31, which had done little more than lift controls from all wage increases which did not affect prices (except in the construction industry).

The key to the new policy is speed—quick action on wage increases, and equally swift determination of price ceilings. It is the board's responsibility to help break the logjam of disputes and strikes by expediting wage determinations. It aims to accomplish this objective largely by issuing broad exemptions

to the requirement of filing wage increases with the board.

• **Pending Cases Approved**—The President's order itself approved all increases in effect or recommended by government panels at the time, and the board followed suit by approving all pending wage-increase applications, some 600.

To stem the tide of new applications which might have snowed the board under, John C. Collet, in one of his last acts as Stabilization Administrator before Chester Bowles took over, issued a general order which (1) deferred until Mar. 15 the effective date of the requirement that prior approval must be obtained for all increases which might be used for price relief, although approval must be sought within 30 days; (2) pre-approved increases made by most employers of eight persons or less; (3) pre-approved night-shift bonuses, vacations, and paid holidays which do not exceed standards fixed by the National War Labor Board; (4) authorized NWSB to issue general orders granting pre-approval to wage increases fitting the general pattern; and (5) established the first general pattern—18½¢-an-hour increase in basic steel, iron ore mining, and steel processing plants—and granted pre-approval to increases not exceeding that amount in those plants.

• **Blanket Pre-approved**—The board picked up from there and gave blanket pre-approval to wage increases of 16¢ in meat packing plants by determining that to be the industry pattern.

The steel and meat packing increases had been recommended by the government before Feb. 14 and consequently could be considered in determining the industry pattern. Similarly the 19½¢ recommended in General Motors can be considered with the 18½¢ and 18¢ granted respectively by Chrysler and Ford in determining what the automobile industry pattern shall be.

The 19¢ increase granted to the United Steelworkers (C.I.O.) by the Aluminum Co. of America on the basis of the 18½¢ presidential recommendation is destined to become the approved general pattern for the aluminum industry. In oil and shipbuilding the die is cast at 18% and 18¢, respectively. Increases granted in other fields indicate patterns around 15% in aircraft, 18¢ in electrical appliances, 20% in shipping. Patterns may be established on a percentage or cents basis.

• **No Pattern for Mines**—Inasmuch as the United Mine Workers has yet to

negotiate its postwar wage increase, there can be no general pattern recognized for the coal mines as the regulations now stand. The miners may rely (1) on the "related industries" standard, which is intended to complement the pattern yardstick and take care of those industries which lack patterns, or (2) on the 33% cost-of-living formula.

The board expects to issue some interpretations of what are "general patterns" and "related industries." Conceivably, coal could be related to steel, entitling the miners to 18½¢. They would realize about the same under the 33% cost-of-living formula, since they've only had 15% under Little Steel.

As the board determines more general patterns and issues broader exemptions, possibly including all increases up to a 65¢-an-hour minimum wage to correct substandards (which will settle important disputes in textiles) as well as some employers of more than eight, fewer and fewer employers will find need to visit the board. More and more will make their adjustments and file directly with OPA for a price increase.

• **Trend to Automatic Basis**—Economic Stabilization Director Chester Bowles will not act as a referee between the NWSB and OPA in specific cases, as former stabilizers did between the old National War Labor Board and OPA. But he will have the final word in determining the broader policies which will be effectuated by NWSB and OPA on a more or less automatic basis.

While the board's responsibilities to-



To W. Willard Wirtz, head of the Labor Dept.'s Wage Stabilization Board, falls the job of passing upon the expected flood of requests for approval of new wage increases under the White House wage-price setup.

day are great, there is a general feeling that once the board gets "over the hump" in the determination of general patterns and broadening the exemptions, its work will consist largely of processing a comparatively small number of cases, by contrast to wartime volume. Even so, to meet the speed requirements of the new policy the board is hopeful of increasing its nationwide staff from 700 to about 1,000 and thereby be enabled to rule on the anticipated flow of 1,000 to 1,500 wage-increase applications a week in a matter of days instead of weeks.

This prospect was jolted last week when the House Appropriations Committee recommended a big cut in the board's operating funds for the remaining months of the fiscal year ending June 30. If this action is approved by Congress, the board feels it will have to cut its present staff by 200, rather than increase it, which it says will have "disastrous consequences" on the effectiveness of the wage-price program.

• **Other Duties**—Another major responsibility of the board stems from the Smith-Connally antistrike act. The board's approval is necessary before any changes in wages or other working conditions can be instituted in a plant un-

der government seizure, as in the meat packing case in which Secretary of Agriculture Clinton P. Anderson obtained board approval to pay the 16¢ recommended by the panel. Technically the board also receives 30-day strike notices, but does nothing with them.

While the wage board has lost most of the top officials who developed the policies of the National War Labor Board, it has retained the young but experienced hands who carried out those policies in NWLB's waning days. Chairman W. Willard Wirtz is the board's spearhead in fact as well as in name. Decisive in action, quick in speech, this 34-year-old law professor climbed the NWLB ladder swiftly last year in recognition of his aptness for making quick decisions and sticking to them. Wirtz works closely with his vice-chairman of the same age, Sylvester Garrett, and consults frequently with his industry and labor member associates.

• **Future Uncertain**—But Wirtz is not committing himself on the board's prognosis. He recognizes the responsibilities it is now carrying. What they will be in the future will depend on the extent to which large groups are removed from the board's jurisdiction and on the results of the present policy.

## Insuring Health

**A.M.A. establishes standards for voluntary benefit plans, sets up federation for coordinating activities of approved groups.**

The American Medical Assn., long the violent foe of any move that smacked of state medicine, and of compulsory national health insurance in particular, has brought out its preliminary plans for encouragement and approval of state and local voluntary health insurance programs.

• **Standards Recommended**—Its first step, through its Council of Medical Service, was to establish standards which such plans must meet to qualify for a seal of approval to be issued by the council. They are: (1) The plan must be accepted by the state or local medical society in the area it covers; (2) local members of the medical profession must assume responsibilities for medical services offered; (3) free choice of physician must be assured; and (4) the plan must be organized and operated to give subscribers maximum benefits in medical care.

The council will not establish fees for local plans, which are free to operate independently, but their schedules of fees and benefits are subject to council approval. Group enrollment is recommended, until individual enrollment plans have proved themselves.

• **Federation Formed**—At the same time, A.M.A. organized Associated Medical Care Plans, Inc., a voluntary federation of all council-approved plans which, potentially, may include those organized by state or local medical societies, by commercial or mutual insurance companies, and hybrids like the Wisconsin plan (BW-Dec.15'45,p42), in which the state medical society teams with commercial companies.

Associated Medical Care Plans, Inc., will undertake research and compilation of medical care statistics, provide consultation and information services on the records of existing plans, and carry on an educational campaign. It will coordinate the activities of council-approved plans and arrange reciprocity between them so that subscribers can transfer from one to another.

• **Liaison Agency**—Such reciprocity is available, of course, in the 46 medical insurance plans which are organized in connection with Blue Cross hospitalization insurance plans (BW-Mar.3'45,p50). These medical plans usually utilize the offices, and some of the personnel, of local Blue Cross hospitalization services and their informal liaison agency is the Hospital Service Commission of the American Hospital Assn.

## What NWSB Does; How It Works

The National Wage Stabilization Board at a glance:

Six-man tripartite board in Washington fixes policies, acts on cases of national interest, reviews decisions of twelve similar tripartite regional boards and the Wage Adjustment Board (for the construction industry). Only in the construction industry do wartime controls still exist on wage increases which do not affect price ceilings or production costs to the government. All wage decreases anywhere require prior approval.

• **Filed in Regional Offices**—Form 10 applications for approval of wage increases which affect ceiling prices (unless pre-approved) and wage decreases are still filed with Wage & Hour Division offices for transmittal to the regional board. Applications involving the construction industry must be filed with the wage adjustment board, Dept. of Labor Building, Washington.

Enforcement action is taken by the regional boards against employers who institute wage decreases without prior approval and in the construction industry, against employers who grant increases or decreases without prior approval. The boards may disallow illegally paid wages as an

expense for income tax purposes.

• **NWLB Background**—Public members are Chairman W. Willard Wirtz and Vice-Chairman Sylvester Garrett, both former chairmen of regional war labor boards. On the labor side are Robert J. Watt, A.F.L. ex-Boston paperhanger, delegate to many international meetings and a strong figure on the old National War Labor Board, and the C.I.O. United Auto Workers' Carl J. Shipley, who led one of the first sitdown strikes against Bendix in South Bend, Ind. Representing industry are two members with experience on NWLB and its commissions: Earl N. Cannon, vice-president of American Trucking Assn., Inc., and R. Randall Irwin, personnel man on leave from Lockheed Aircraft.

Chairmen of the regional boards all have NWLB background: Boston, Lester Cramer; New York, Sidney Sugarman; Philadelphia, Joseph Bell; Atlanta, Henry J. Meyer; Cleveland, George Maxwell; Chicago, John C. McCurry; Kansas City, Jack G. Day; Dallas, A. Langley Coffee; Denver, J. Glenn Donaldson; San Francisco, Thomas Fair Neblett; Detroit, John P. Boyce; and Seattle, John B. McCourt.



A bargain at \$1,200,000, the Murray plant is now Scranton's own—and the community's peacetime white hope.

## Scranton Digs Out of a Cave-In

Let down by anthracite, community creates a future for itself by financing two business co-ops—one to buy war plant and lease it to Murray Corp., another to encourage new enterprises.

A businessman's automatic reaction to the word "Scranton" is "anthracite coal and International Correspondence Schools." But the veins of coal under the Pennsylvania city have petered out and the basic industry has let Scranton down—let it down literally when abandoned tunnels caved in.

I.C.S., on the other hand, retains its leadership in mail-order education and its top executive has taken the lead in worrying about Scranton's prospects. Ralph E. Weeks, I.C.S. president, headed the civic committee which put

across a double-action drive to launch Scranton on a program of diversified industry and to separate its fortunes from those of hard coal.

• **Over the Top**—The campaign went over the top last week with a community fund of \$1,200,000 to give the town a big postwar plant. This week the drive completed a \$500,000 collection which will be used to build plants for smaller industries.

The larger amount will be used to buy from the Defense Plant Corp. the huge structure used by the Murray Corp. in

making B-29 wing units during the war. Murray will rent the buildings, will spend \$1,500,000 for equipment, will use the combination for its new home appliance division.

• **Transition**—Originally Murray produced only automotive parts. Before the war the company had expanded its items to include washing machine parts, bath tubs, sinks, lavatories, kitchen cabinets to the tune of \$400,000 sales monthly. The war ended the program, but research in new products continued. To the line of original appliances, Murray has added gas and electric kitchen ranges.

All these products of the Scranton plant will be sold to large distributors, especially Montgomery Ward & Co., and not marketed under the Murray name.

• **Opportunity Knocks**—Efforts by communities to capitalize on the war plants



Many who worked there before returned to the closed Murray plant to contribute toward its reopening.



that were erected in their midst are not new. Dade County, Fla., has taken over the Consolidated Vultee Aircraft plant at Miami and leased it to Eastern Air Lines as an operating base (BW—Mar. 2'46, p24). In Birmingham, Ala., businessmen cooperated with the Reconstruction Finance Corp. in setting up an arrangement under which multiple small industries are taking space in the big Bechtel McCone aircraft modification plant (BW—Jan. 5'46, p39).

Scranton, however, believes that it hit upon an idea that may well be copied in other regions.

• **Subscribers Get Bonds**—Contributors received 4%, 15-year, first mortgage bonds in return for their money. Owner of the property is the Scranton Plan Corp., a cooperative community enterprise. Murray agrees to lease the plant for five years with a five-year renewal and an option to purchase.

Annual rent is to be \$130,000 of which \$50,000 applies to amortization of the bonds, the rest to interest, taxes, and insurance. If it buys, Murray gets credit for the amortization payments.

• **An Excellent Buy**—It looks like a good deal from all angles. Uncle Sam put \$5,000,000 into the buildings during the war. A postwar appraisal gave the plant a normal value of \$3,200,000. At \$1,200,000 it is an excellent buy.

Scrantonians whisper slyly that they might not have got the property for that figure if Washington officials had not been conscious of the city's reputation for tunnel collapses and real estate cave-ins. Before the plant was built, local interests and Murray made sure its underpinning was solid.

• **Business Aid Group**—The subsidiary drive to collect half a million provides funds for the Scranton-Lackawanna Industrial Building Co., another coopera-

tive corporation for encouraging manufacturing. It works something like the business aid organizations of Baltimore and Louisville, which also seek to encourage small new industries.

Contributors to the Scranton fund, as in the Murray drive, get 4%, 15-year bonds. But these are debenture bonds, secondary to the first mortgages taken by banks. The manufacturers lease the building but have options to purchase.

While the drives enlisted all interests of the community, the campaign operated through the Scranton Chamber of Commerce. Its president, O. E. McGregor, and general secretary, Raymond B. Gibbs, served on the staff of Drive-Chairman T. Linus Hoban and Co-Chairman (or field commander) Weeks.

• **Last Rites?**—Until the campaign paid off, it looked as if Scranton was in for its final stroke of hard luck.

Some years back, when Scranton elected an undertaker for mayor, a newspaper columnist wisecracked, "Scranton has at last what it has needed for years, a proper functionary to officiate at its final rites." In 1929 the area employed 60,000 persons of whom 40,000 were miners. As the heavy black anthracite veins dwindled to thin weak ones, mining jobs dropped to a current 10,000.

Scranton has tried to lure prewar industries but had run into two major objections. Prospects said, "We don't want to fall into mine shafts," or "Scranton means John L. Lewis and labor troubles." When it came to new war plants, the decision was, "For security reasons we've got to put new plants 250 miles inland—back of the mountains." And that let Scranton out.

• **Exodus**—So Scrantonites moved out to where the war plants were. In three cities—Philadelphia, Baltimore, and Bridgeport—a 1941 survey showed 6,500 workers from Scranton. In one period during the war Scranton had 8,000 vacant living units. The labor surplus was such that President Roosevelt finally made a special ruling to give the town war work.

The big plant built for Murray operation gave jobs to 3,700. A cable plant run by Western Electric hired 1,000 more. And small plants crowded out of booming war towns found a haven in Scranton. Finally unemployment disappeared and the vacant houses were filled.

• **And Then the Shutdown**—But Japan's surrender ended a period of sufficiency that lasted less than two years. Murray closed down. With discharged servicemen returning home, Scranton found itself with 20,000 unemployed. It was Michael Demech, head of United Automobile Workers union at Murray's, who put into words what everybody was thinking.

"Why can't we get Murray back?"

From the start, the union played an



Ralph E. Weeks, whose International Correspondence Schools have brought Scranton fame, supplied the initial push for the city's new future.

important part in the drive. The local committee got in touch with Clarence W. Avery, president of the Murray Corp. Avery agreed to go along, admitted that he had found Scranton labor highly productive and friendly. After the usual heartbreaking pilgrimages to Washington, the Defense Plant Corp. announced last December that it would let Scranton have the Murray plant for \$1,200,000.

• **Handicap**—The drive started under a handicap. In view of labor unrest, Avery inserted a clause in his agreement which would allow him to cancel the lease after a year if the union failed to cooperate properly. This prevented banks under the law from taking a mortgage on the plant, forced Weeks and his cohorts to get out and dig.

A valiant part of this digging was done by workingmen and women who had lost their jobs at Murray. The campaign started with a rousing rally at the Murray plant, where the vacant immensity of the main floor dramatized the objective. Separate teams canvassed different businesses and professions. Workers of the old Murray staff made door-to-door visits.

Prospects, contributed according to their means, from the \$50,000 subscribed by Worthington Scranton (of the dynasty for whom the town was named) on down.

• **Avery Saves Day**—Toward the end of the drive's time limit Avery made a move which convinced the straining canvassers that the Murray Corp.'s intentions were honorable and permanent. Subscriptions were lagging and success



Scranton's drive for "survival" funds was headed by Judge M. J. Eagen (left), and aided materially by Clarence W. Murray (right), whose bond purchases tipped the scales.



# STEEL IS SHORT

## But Ryerson Service

## Carries On!

Settlement of the steel strike last month was heartening to us all, but unfortunately it did not mean the immediate end of the steel shortage.

When peace came and the large ordnance uses for steel were no more, many thought there would be plenty of steel for every purpose. However, American industry converted so quickly to the manufacture of peacetime products that the pent-up need for steel became as great or perhaps even greater than war-time demand. Particularly was this true of the lighter flat rolled products.

Then, at the height of this unprecedented demand most all steel production was discontinued. As a result, no steel was received to replenish warehouse stocks while the strike was in progress. Ryerson lost tonnage fast. And, while there is still a good total tonnage on hand, we now have no inventory at all in many sizes of every product.

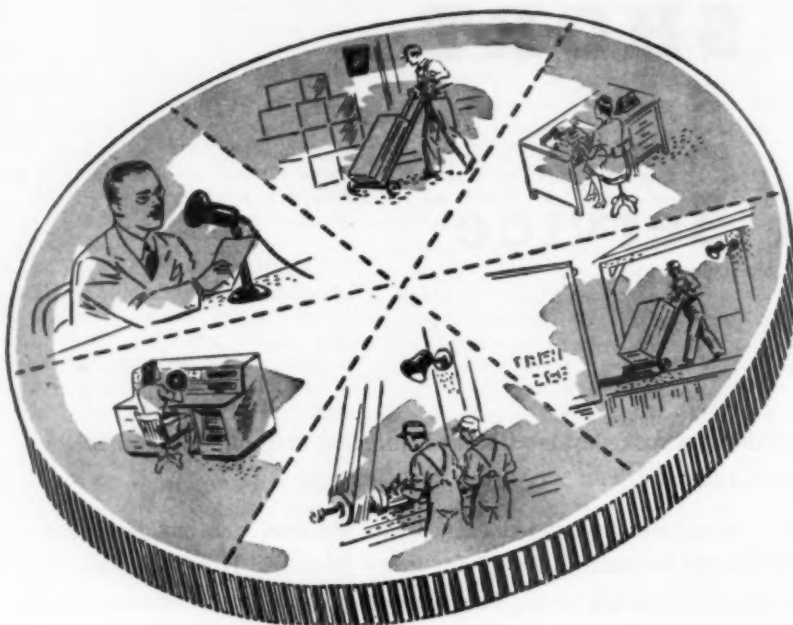
When steel mill facilities are closed down and the furnaces cool, much repairing is often necessary before operations can be resumed. So considerable time must elapse before mills can again run at capacity. We have large orders on the mill books and steel is already being received, but it will be some time before our stocks are again complete.

In the meantime, you may be very sure that our whole organization will do everything within its power to help every customer secure the steel necessary to his operations. Whatever you may need, or whatever your steel problem, we urge you to keep in touch with us.



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ENGINEERING PRODUCTS DEPARTMENT, CAMDEN, N.J.

of the venture was definitely threatened. At this juncture Avery rushed into the breach with a contribution of \$150,000. A second \$150,000 from the Local Realty Co., an affiliate of the local National Bank, completed the total.

When Murray reaches full production, the plant is expected to provide jobs for 4,000 with a hoped-for annual payroll of \$8,000,000. The fund collected for the Scranton-Lackawanna community company will be used to finance diversified small plants employing as few as 200 persons. It hopes to build ten of these which will furnish 3,500 jobs with a combined annual payroll of \$7,000,000.

• **Two G.E. Plants**—As part of its centralization plan, General Electric entered Scranton with a plastics plant and another making household equipment items. The additions, plus expansion of manufactures already operating, are expected to cut unemployment to a point where it will keep the chamber of commerce awake nights.

With the economic shoring of production removed and the cave-in of old mine tunnels signaling the collapse of its basic industry, the city came to a crisis where it was sinking or swimming. Scranton is telling the world that it has decided to swim.

## Capitol Dilemma

Congress recognizes its inefficiencies, but old prerogatives and rivalries may block basic reorganization.

Congress has a reconversion problem of its own, no less pressing because it was also its prewar problem. It is probable that a majority of members today recognize the need for overhauling Congress' rules and practices if it is to discharge its functions properly, but the outlook for action still is dim.

• **Committee Jealousies**—The reason is the same as that which has been largely responsible for dilatory action on President Truman's legislative proposals. Congress is committee-ridden. House committees are jealous of Senate committees and vice versa, committees of the same house are jealous of each other, and the senators and representatives who have risen to positions of influence in committees are jealous of their positions.

Consequently, Sen. Robert M. La Follette, Jr., chairman of a special joint committee on reorganization, was prepared for a chilly reception this week when the committee submitted a modernization program that, by consolidation, would eliminate 47 committees.



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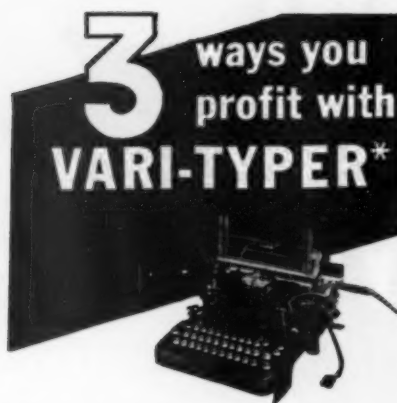
The demand for Du Pont Cellophane still exceeds the supply, but we hope the day is now not far off when our converters and ourselves can supply all your requirements. In the meantime, write for your copy of "The Post-War Food Dollar," a study of the war's effect on food-buying habits. E. I. du Pont de Nemours & Co. (Inc.), Cellophane Division, Wilmington 98, Delaware.



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in the two houses. The reorganization committee could only recommend. It has no authority to take its report to the floor of either house for action. The recommendations will have to go to permanent standing committees, and the respective chairmen of the powerful rules committees of the two bodies will be in a position to block action.

• **Bottlenecks by Choice**—As Congress is presently constituted, any of 81 committee chairmen may become a self-constituted bottleneck on legislation within his jurisdiction at any time, and there is not much that the rank and file can do about it.

As an example of committee consolidations recommended by the La Follette committee, the Senate patents, judiciary, and immigration committees would be merged in the Judiciary Committee; the Interstate Commerce Committee and the Manufactures Committee would be combined; and a fistful of committees now handling Indian affairs, oceanic canals, irrigation and reclamation, mining, public lands, public buildings, territories, and insular affairs would be merged into an Interior, Natural Resources & Public Works Committee.

• **Experts Authorized**—The reorganization recommended for House committees follows the same pattern.

As reorganized, the committees would be authorized to employ staffs expert in their particular province.

One of the chief complaints against Congress—its servility to the Senate system—is another stumbling block because the South usually returns members many times. Southern Democrats control most of the key jobs of chairmanships. This has led to proposals that no member be permitted to head a committee for more than six years.

• **Seniority Defended**—Old-time members, however, defend the system on the point to the fact that organized labor insists that seniority be recognized in all union contracts. Many top officials in industry and commerce owe their jobs to some extent, at least, to seniority.

Elimination of a majority of the standing committees of Congress, chiefly through consolidation of many existing groups, would not only reduce the prevailing duplication of effort, but save the time and energy of members, top administrative officials, and other sponsors and opponents of pending legislation. Cabinet officers and other officials of the executive branch frequently appear before two, three, and sometimes four different committees to discuss phases of a single problem.

• **Policy Committees**—To give formal expression within Congress to the major policies of the majority and minority parties, the reorganization report calls for creation of majority and minority policy committees in Senate and House. A further step recommended by the

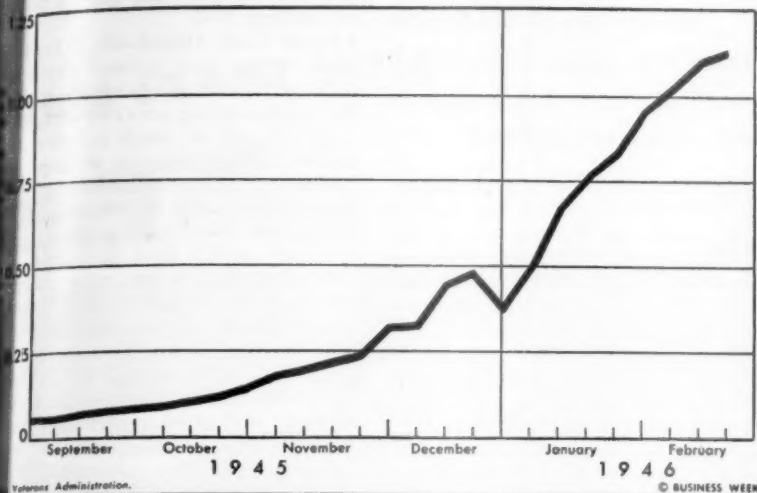


## WANTED: A NEST FOR THE DOVE OF PEACE

The United Nations met with two rebuffs last week in its search for temporary and permanent homes. At New York's Hunter College for girls, students (left) voted 1,336 to 226 against allowing UNO to take over the institution's uptown branch (used throughout the war by the Navy as training quarters for Waves) as temporary headquarters. And in a town referendum (right) at Greenwich, Conn., citizens voted 5,505 to 2,019 in favor of a resolution condemning UNO's choice of portions of the town as permanent headquarters (BW—Feb. 9 '46, p17). But voters' opinions evidently carry more weight than those of college girls. The organization will probably heed the Greenwich protest and locate elsewhere in the approved Westchester-Fairfield area, but advance units of the UNO secretariat are already starting to move into Hunter



## IN THE OUTLOOK: UNEMPLOYED VETERANS



The number of veterans looking for jobs who are unable to find them (as represented by the number drawing readjustment allowances) has risen very sharply since the end of the year to top a million (BW—Feb. 23'46, p10). And the total will go still higher, reflecting the high rate of discharge late in 1945. There's a two to three month lag between discharge and job hunting, with a veteran living on his severance pay.) However, it is likely that the rate of discharge will be considerably slower from now on.

organization committee is that these committees serve as a formal council to meet regularly with the President. Self-evident objectives are to facilitate formulation and execution of national policy, and to improve relations between Congress and the executive branch.

The reorganization committee revived a perennial proposal—a curb on lobbying. It recommended legislation providing for the registration of organized groups and their agents and requiring that such registration include quarterly statements of expenditures made for the purpose of influencing legislation.

**Fiscal Control**—A recommendation that Congress establish control over government deficit spending may find support in Congress' present mood. It is, in effect, a challenge to Congress to get the federal purse strings back into its own hands and, incidentally, to watch its own fingers.

The reorganization committee tackles the problem of fiscal control by recommending that each year Congress pass a resolution setting forth total receipts and expenditures for the coming fiscal year, as estimated by the appropriate committees. If it develops that the appropriations committees are unable to bring anticipated expenditures within estimated receipts, a recorded vote expressing the policy of Congress to create additional federal debt would be required. Should total appropriations later be found to have ex-

ceeded the total budget figure as set by Congress, all appropriations, with certain important exceptions, would be automatically reduced according to a uniform percentage.

• **Regular Recess**—Even in prewar years Congress had been running on and on, with little time out. The reorganization committee would put a stop to that by having it recess regularly at the close of each fiscal year (June 30) until mid-September or October.

The reorganization committee didn't subscribe to such innovations as floor sessions, or installing electric voting machines.

• **Two-in-One Plan**—Though the joint reorganization committee hopes to have its recommendations ready this spring or early summer, committee members frankly concede that hope for congressional action upon the plan is not very bright. They have a plan, however, that might overcome opposition. They hope to tie the reorganization bill to legislation setting up a retirement pension plan for congressmen and hiking their salaries.

Tying the two bills together might help both of them. While most members favor the pension and pay boost proposals, recommended by President Truman, they are coy about voting for them in an election year. But if they voted to modernize Congress at the same time, following a good publicity build-up, it would be easier for them to justify the salary boost.

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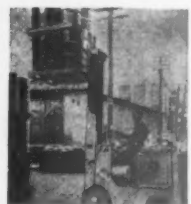
The Baker Hy-Lift Truck with telescoping up-ribs, (see illustration at right) enters a box car door with ease and tiers material inside the car, conserving shipping space. Savings are reported as high as 75% over former methods.

A leading industrial engineer specified Baker Trucks and Tractors to bring about top efficiency in sorting, storing and shipping the more than 100,000 items handled in a warehouse of the world's largest paint manufacturer. Fork Truck (left) is stacking drums on pallets 3 high.

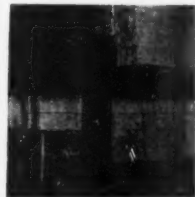


A Baker Material Handling Engineer recommended a Baker Fork Truck plus a conveyor system for a large food warehouse. Operating costs were reduced from \$6.68 to \$4.98 per ton—a saving of 25.4%. Gross savings amounted to \$7,956.00 per year. (See illustration at left.)

A large chemical manufacturer conserves inside space by yard storage of large drums. The Baker Fork Truck (right) is stacking them five high. The same truck also tiers pallet loads of bulk materials in sacks inside the warehouse, and loads cars or trucks.



A printer and publisher avoided additional warehouse rent by installing a Baker Hy-Lift Truck. Tiering skid-loads of paper stock, books and magazines, paid for his truck in 18 months on rental savings. (Left)



A large stevedoring company uses Baker Crane Trucks to move crated machinery, motor cars, and other heavy manufactured products in warehouse and on or off shipboards in quickest time and at lowest cost, reducing costs 18% to 20%. (Right)



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**Carpenter**  
STAINLESS TUBING

"MORE THAN CORROSION RESISTANCE"

## Less Milk in Sight

January dip in production signals long-range trend which is hard to check due to cuts in herds, dairymen contend.

Milk production in January totaled 8,600,000,000 lb., 3% below that of a year earlier and the smallest for the month since 1941. And this, dairymen warn, marks a downtrend that means insufficient milk and milk products for American consumers through 1946 and 1947, and probably 1948.

Farmers in the big milk producing areas blame the Dept. of Agriculture. They say that milk consumption at high-level prosperity has been miscalculated and that, as a result of the D. of A.'s proddings, dairymen began to cull their herds drastically even before the war ended.

• **Deep Cuts in Herds**—The number of milk cows last Jan. 1 was about 26,800,000, off 3.2% from a year earlier although still 4.7% above the 1935-44 average. The number of milk heifers and heifer calves also was lower, according to the Dept. of Agriculture's annual inventory of livestock.

Month-by-month figures are not compiled, but industry authorities are con-

vinced that the reduction was at an accelerating rate late in 1945. Moreover they believe there has been a further cut in early 1946.

• **Fewer Cows Milked**—Much has been made of the feed shortage (BW—Jan. 19'46, p.39), and it is generally doubted that higher ceiling prices on feed grain (page 17) will do much to relieve the situation. This accounts in large part for the decline in the number of cows being milked—only 63.4% of herds on Feb. 1, the lowest ratio in the 21 years that such records have been kept.

Familiar, too, is the price situation which encourages sale of whole milk for direct human consumption. This has been cutting butter production ever since 1941 (BW—Dec. 22'45, p.20), and those who look for a continuing decline in milk production expect this pinch to affect cheese and other dairy products increasingly.

• **Heifers Important**—A factor of growing importance which dairymen do not believe is widely appreciated is the reduced number of milk heifers and heifer calves in herds. To get any quick increase in production of milk—or calves—requires a relatively large proportion of these young dairy females to old stock.

As dairy operators see it, here is the long-range picture. It took eleven years, from 1929 to 1940, to raise the country's milk output from 100,000,000,000 to 109,000,000,000 lb.; during the year

## Cotton Price Rise Adds to OPA's Woes

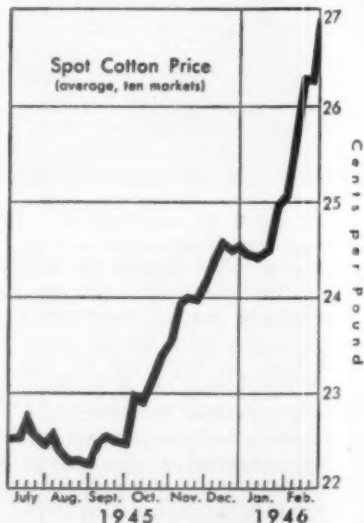
Owners of the country's raw cotton stocks are enjoying the best prices since the early twenties, but the Office of Price Administration finds empty consolation in that. Higher cotton simply means more problems for the price fixers.

If the price of raw cotton goes up, OPA is required by law to adjust the ceilings for textiles. This has meant a continual procession of textile manufacturers to OPA's doorstep ever since the provision was written into the law. Now, after the sharp upswing of recent weeks, the price agency must wonder when it will ever be able to dig its way out from under the prospective avalanche of claims.

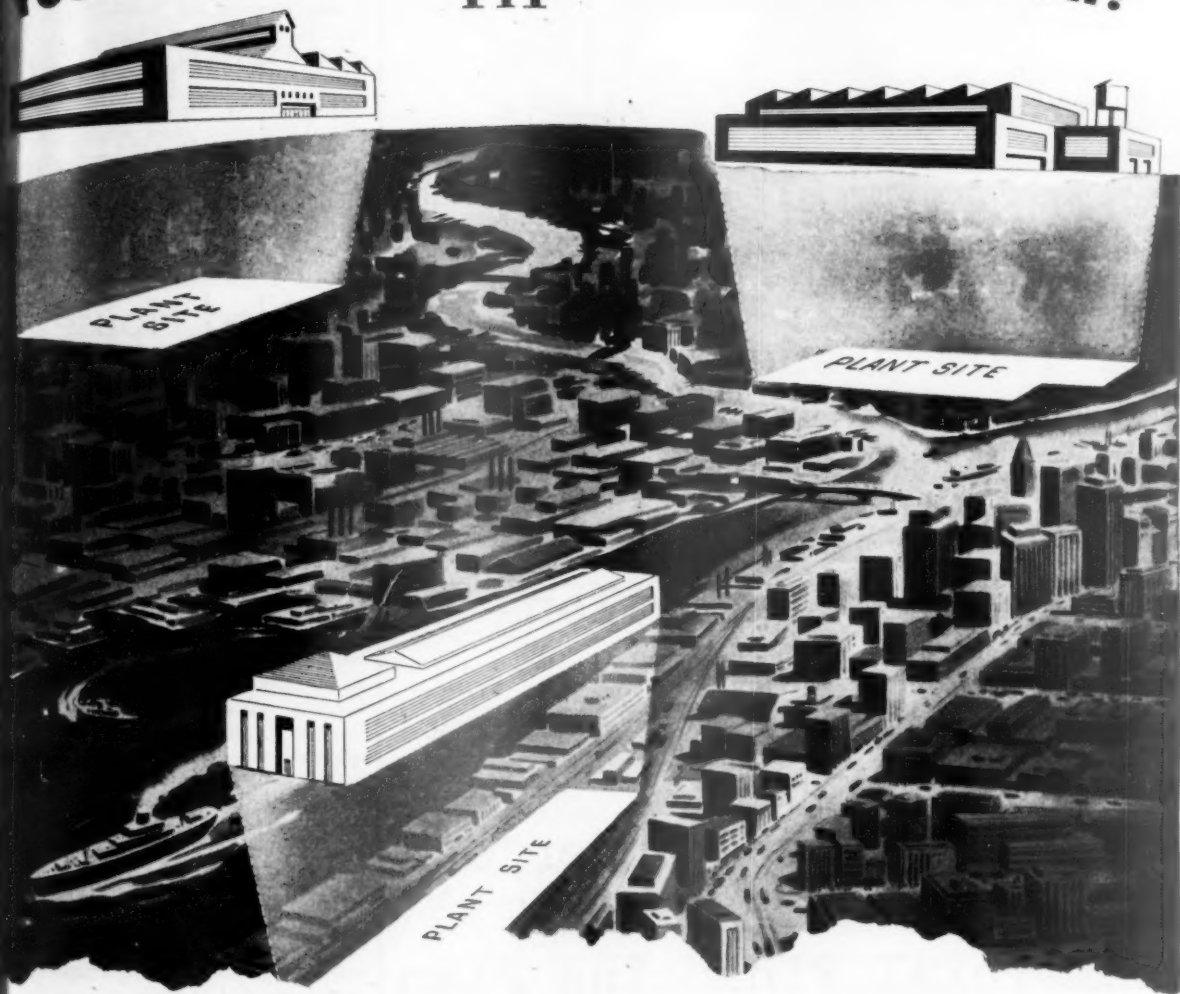
Not even large offerings from Commodity Credit Corp.'s commodious "ever-normal warehouse" surpluses carried forward from past years have served to ease the situation. Main trouble: the short 1945 crop (only a little over 9,000,000 bales) and relatively poor quality both of the 1945 harvest and of quantities still held from earlier years.

Meanwhile, slowly expanding for-

eign demand raised exports to 1,138,760 bales in the first five months of the crop year which started last Aug. 1 against 607,284 in the like period a year earlier. And steps now are being considered to increase shipments to Japan.



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1940-45, inclusive, the total was put up another 11 billion pounds, the record being 122,300,000,000 in 1945.

Sober estimates now place 1946 put at no more than 118,000,000,000 lb., and there are many observers without doubt that it will be much over 118,000,000,000.

• **Disagreement on Policy**—Many handlers believe that lifting of price ceilings and an end to dairy feed subsidies would put an end to shortages. Dairy men, however, are by no means convinced that either move would be advantageous. Consequently, cancellation of the announced termination of the feed subsidies on Mar. 31 and prospects for price ceilings will be maintained have proved any disappointment.

## Divided House

Slaying of loyal worker highlights bitter feud between two unions in Howard Hughes tool plant in Houston, Tex.

Slaying of a former president of Hughes Tool Co. independent union in Houston, Tex., in what police believe was an outgrowth of the currently unsuccessful steel strike at the plant, has written a new chapter in the checkered labor relations history of Howard Hughes' plant (BW—Sep. 15 '45, p. 112) in the heart of the region which spawned such antilabor organizations as the Christian American Assn.

• **Daylight Shooting**—Richard H. Guest, for 20 years a Hughes employee and key member in a Negro local of independent unionists at the tool fabricating plant, was shot in the back near his home in daylight. His wife told police he had been warned many times against continuing to work at the Hughes plant despite the C.I.O. strike.

But even the lure of rewards totaling \$4,800 failed to bring in a clue to support the police belief that the slaying had a direct connection with a labor dispute which strikers charge is being used in an effort to break their union.

• **Divided Jurisdiction**—Two unions bitterly opposed, share jurisdiction of Hughes tool—the United Steelworkers of America (C.I.O.) and the Hughes Tool Independent Metal Workers Union. Membership in the plant, which normally employs about 4,500 workers, is about evenly divided between the two. Thus, when the C.I.O. steel union called a strike vote in December, 1945, as a part of the national steel war campaign, the vote turned out 2,300 for striking with C.I.O., 2,100 against it.

Hughes management charged at the time that a C.I.O. campaign of intimidation



among the company's 900 Negro employees had given C.I.O. a majority instead of a substantial defeat.

**Gates Kept Open**—Bolstered by the strike sentiment, the Hughes management kept plant gates open. Result was a steadily increasing number of workers who ignored C.I.O. pickets to report to plant jobs. The week before the strike went into effect on Jan. 21, plant employment was 5,354; on Mar. 1 the number of workers had climbed to less than 2,000 during the first week of the walkout to 4,000.

Management claimed that employment was pegged at that figure because the oil industry had curtailed equipment orders pending final settlement of the steel pricing dispute.

**A Key Figure**—Guess was a leading figure in the campaign to keep the Hughes plant operating and had been credited with doing much to break down Negro support for C.I.O.

The company and the C.I.O. steel union were no nearer a settlement of the union demand that Hughes raise wages the 18½¢ hourly set in the basic steel pattern. Hughes contended that its average hourly rate now is \$1.19-15¢ higher than the average paid by firms engaged in similar operations in the area.

**The Company's Position**—Management also takes the position that it has raised wages 41% (or 35½¢ an hour) since January, 1941, and that the cost of living in the Houston area has gone up only 25% as compared with the national average of 33% cited in the new executive wage-price program.

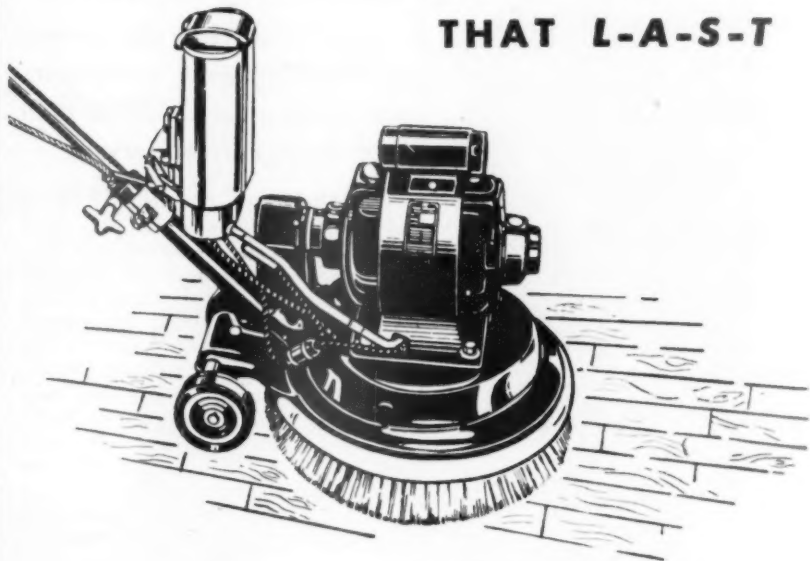
**CRITERION FOR CAB?**

Orderly development of the nation's transportation is more important than any possible disruption of the competitive relationship between airlines. This was the sense of a Civil Aeronautics Board examiner's recommendation this week that American Airlines be authorized to operate ten long-range nonstop services for which it had applied.

The new routes, which would permit American to offer one-stop transcontinental service over a number of routes, were opposed by Transcontinental & Western Air on the ground that much of its nonstop coast-to-coast traffic would be diverted. While conceding this, the examiner's report expressed the opinion that the benefits of the new service to the general public would outweigh the adverse effects on TWA.

The proposed nonstop services, all of which involve cities already served by American, are six from Tulsa: to Los Angeles, Phoenix, Tucson, Chicago, Washington, and New York, and four from Oklahoma City: to Los Angeles, Chicago, Washington, and New York.

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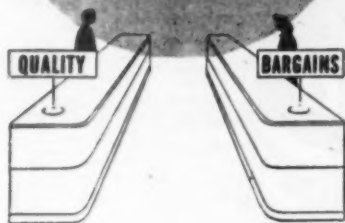
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SEVEN INDUSTRIES... WHICH SEVERE MARKS

## Coast to Coast

N.Y.C. reveals big carriers of transcontinental passengers are working out details of plan for through Pullman service.

Blood pressures in presidential offices of major east-and-west railroads have not been lowered by recent advertisements of the Chesapeake & Ohio and the Nickel Plate. The industry's enfant terrible, Robert R. Young, has pointed with ostentatious tactlessness to the lack of through coast-to-coast sleepers (BW—Nov. 24 '45, p. 70). His own lines originate so little Atlantic-to-Pacific traffic that their needling ads could make light of the technical obstacles which have harassed the big carriers of transcontinental passengers in making plans for uninterrupted, coast-to-coast rail travel.

• **In the Works**—But this week the New York Central confirmed that leading trunkline railroads have been working on plans for coast-to-coast service to begin as soon as they get enough deliveries of modern equipment now on order. As ever, no railroader wants to talk until every last "I" has been carefully dotted.

But perhaps by June, certainly by late summer, it should be possible for

a passenger to board at New York, San Francisco, or Los Angeles the very Pullman that will set him down two days and three nights later at his destination 3,000 miles distant. What train will carry the through cars, whether there will be volume enough for full trains, or even what lines will get the business, is not yet settled.

• **Old-Time Statistic**—The conventional objection of railroaders has been that there is not enough total through traffic from coast to coast to make such service pay. The standard fact offered to prove this is that in 1935 (no rose in the garden of years) a daily average of only 58 persons made the trip by all forms of common-carrier transportation—air, bus, and rail.

Times have changed. United Airlines during Feb. 1-15, 1946, carried between points on both coasts a daily average of 160 passengers. A conservative estimate of total daily air volume for the four transcontinental airlines would be 500-600. This is the volume of traffic that the railroads are now eyeing hungrily.

• **Daily Service Planned**—Discussions have been going full tilt since last year (BW—Jan. 13 '45, p. 19). East of Chicago the traffic-split problem of providing daily service at the outset is relatively simple: Let the New York Central and the Pennsylvania on alternate days haul one through sleeper between Chicago and New York; cut the Baltimore &



## THE ARMY TAKES A 1946 AIRSHIP

Not a bomber or a fighter, the first aircraft to get a 1946 Army serial number is a new helicopter with a peaceful mission—to perform rescue and evacuation work. The XR-9B 6001 is built by Firestone Tire & Rubber Co.'s subsidiary, G. & A. Aircraft, Inc., Willow Grove, Pa., which during the war turned out glider parts. About half as heavy as a popular-priced car, the craft has a tandem seating arrangement. Army pilots praise its stability and control features, say it's extremely easy to repair. Still being produced on an experimental basis, the ship gives promise of wide commercial application.



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Phone or write today for a copy of the new booklet which tells the complete story of DICTOGRAPH.

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**1. EXECUTIVE PRIORITY.** Executive secures right-of-way through a visual signal. If man is away from desk, Dictograph leaves automatic "call-back" memo.

**2. PERMITS "FREE-ACTION" CONVERSATION.** Executive can carry on two-way conversation while several feet from instrument.

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**6. PERMITS GROUP CONFERENCES.** Yet each man stays at his own desk! Think of the time this saves.

**7. DUAL RECEPTION.** Executive station permits use either of mellow-toned loud speaker or privacy hand-set.

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**9. NO TELEPHONE TIE-UP.** Your switchboard is left 100% free for outside calls—customers can reach you more readily.

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All that Lord has learned in a generation of pioneering the field of vibration control, through peace and war, is at the disposal of manufacturers, design engineers, and operation managers, in this new age of faster transport in a travel-minded world.

Lord Vibration Control increases effective power through improved transmission; it prolongs the life of engines and auxiliary equipment. It safeguards delicate instruments upon whose functioning safety depends. It promotes the comfort and efficiency of operators, the relaxation and enjoyment of passengers.

We have a Lord Mounting to solve your vibration problem, or we'll make one. Lord engineers are at your service. Keep up to date on vibration control; let us add your name to our mailing list.

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Every genuine Lord-Mounting carries the name "LORD" embossed in the rubber or in raised letters on the forgings.

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Ohio into the game with a Washington car if enough traffic offers.

West of Chicago it's different—almost hopelessly complex, unless enough traffic springs up to keep everybody happy. A dozen major roads converge on three principal destinations: Los Angeles, San Francisco, and the Pacific Northwest.

• **Nine Trunkline Routings**—Only the Santa Fe and the Milwaukee reach the way from Lake Michigan to the Pacific. The other roads match up as seven standard combination routes spreading from the Burlington-Grand Northern to the Rock Island-Southern Pacific.

A looming obstacle is the task of devising satisfactory schedules. Operating men say the fastest practicable New York-Chicago running time is 15 hr.; Chicago-Los Angeles, 37 hr.; Chicago-San Francisco, 38 hr. Present schedule permit leaving New York at 5:30 or 7 p. m., arriving in Chicago next morning departing around 6 p. m., reaching the California destination after two more nights and a day. Railroaders think in terms of Chicago as gateway for the through service because there is double track east of Chicago, single track east of St. Louis.

• **Schedule Dilemma**—Cutting out the Chicago stopover (which many travelers like to use for business, shopping, sightseeing, and visiting) and allowing only 60 minutes for switching the car or train would merely move the New York departure time or the Coast arrival time into the wee hours. Even if the trains were to be shifted from one road to another in the outskirts of the city without entering Chicago at all, it would save no usable time.

Physical difficulties of the switch-over at Chicago are conceded to be slight despite multiple stations. Three Western trunklines (C.&N.W., C.B.&Q., C.M.St.P.&P.) have tracks along the Chicago river, or else use the Union Station along with the P.R.R. Both the N.Y.C. and C.R.I.P. use the La Salle Street Station.

The P.R.R., N.Y.C., and B. & O. have adjacent tracks at various points between Gary, Ind., and the Loop. Hence a N.Y.C. or B. & O. car or train which is destined for the Union or Northwestern Station could be switched over with very little difficulty. Interchanges with other roads, notably the Santa Fe, could occur via any one of several belt lines which intersect every railroad entering the city.

• **Coming Soon?**—Possible effects of this week's developments in litigation involving sale of the Pullman Co. are not yet clear. Best guess among railroad traffic men of the lines involved is that the intercoast service will happen sooner or later regardless. The subject is too live to let down.



# Truckers' Gain

Highway carriers win permanent benefit from temporary war measures. Weight limit in the East may go to 50,000 lb.

One of the blessings of the war to truck operators is a permanent increase in legal truck weights to 40,000 pounds. And if a fight now going on in the Virginia legislature is successful, 50,000 pounds will become the standard limit east of the Rockies except for a New England pocket, Kentucky, and Mississippi.

Just before the war, nearly all states east of the Rockies had adopted a 50,000-pound load limit on tractor-trailer combinations. New England was the big exception, with a 40,000-pound limit, but this affected few truckers outside New England itself. Delaware had a 40,000-pound limit, Kentucky 18,000, and Mississippi 30,000.

**Virginia Roadblock**—A big problem for long-distance haulers was Virginia, sitting astride the North-South truck route with a 35,000-pound limit on over-all truck weight. Just as the steepest grade on a railroad line fixes the train length for the whole route, so the Virginia rule froze truck weights for the run from New York to Florida.

When war came, the Conference of State Governors recommended an emergency increase in all truck limits to at least 40,000 pounds (BW-May 2'42, 1954). All the states went along with this, Virginia by permanent statute applying to main roads, Kentucky, Mississippi, and Delaware by temporary gubernatorial action.

**Kentucky Limit Up**—The Kentucky maximum, formerly the strictest in the U.S., was raised recently to 42,000 lb. by an act of the state's General Assembly. Passed over alleged railroad opposition, the new measure becomes effective when the war emergency is officially declared at an end or next Jan. 1, whichever is earlier.

Meanwhile, a resolution is being pushed through the Kentucky Assembly to have the highway department study taxes to be assessed against trucking firms and other motor vehicle operators. It is contended that the increase in load limit requires additional expenditures for heavier pavements and stronger bridges. Backers of the resolution say that truck carriers using highways should pay taxes comparable to the costs of railroads, which furnish their rights-of-way.

**One to Go**—With a limit of 40,000 lb. or more practically universal—legislation similar to Kentucky's is pending in Mississippi—truckers' interest now



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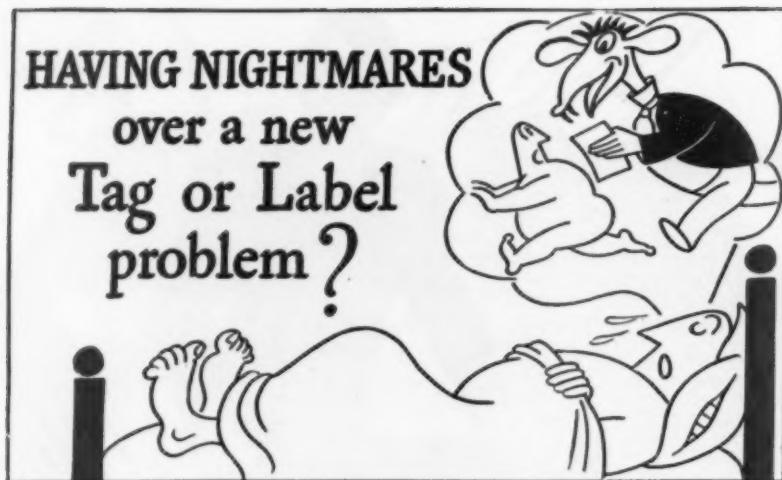
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—the appliance that turns hard water into soft water. Dishes sparkle, clothes launder whiter, housework is easier throughout the home equipped with Permutit's Water Conditioner. Send for FREE BOOKLET and name of your dealer.



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Dennison has specialized in the planning of shipping tags and labels for so many years that paying infinite attention to a host of details has become second nature. We can also show you how to make tags and labels do important *extra jobs*. For instance, deliver an advertising message . . . carry order or invoice reference . . . give warnings or instructions.

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## BUT IT'S A HOUSE



Going to Richmond, Va., from Mexico to study aluminum processing, 25 engineers posed a housing problem for Reynolds Metals until someone remembered the "haunted" place (above) on Gamble's Hill. Now Reynolds has a castle, complete with turrets and dungeon, and the new tenants spend their spare time unearthing "secret" rooms and sliding doors—and embellishing local legends about the century-old edifice. The factory lessons they are learning will be applied at Reynolds' new plant now under construction near Mexico City.

turns to the Virginia legislature, which is considering a bill to raise the limit to 50,000. This would make 50,000 pounds the effective limit on all major truck routes with the exception of those that are in the Far West, where the weight limits are much higher.

The Virginia legislation, on which a decision is expected in the next few weeks, has got itself involved in a debate on taxes. Gov. William M. Tuck has proposed dropping the present 2% tax on gross receipts of highway operators, which has been in abeyance during the war, and instituting an additional 1% gas tax plus large increases in vehicle taxes. Chances of the highway weight bill are involved with the tax bill in a log-rolling deal.

Size restrictions on trucks have not been a serious difficulty in recent years. Since passage of the Kentucky legislation, a 35-foot limit for trucks and 40 feet for tractor-trailers is universal throughout the East except in New England and in Mississippi, Nebraska and Indiana, which all have 40- or 42-foot rules.


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this!  It is a complicated pump about the size of your fist,  daily circulating over

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work harder, so keep your weight down!

Are you a friend of your heart? You can be! Be moderate in your habits of exercise. Avoid loss of sleep. Have periodic physical and dental examinations.

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## TO .000012" THRU "MASS PRECISION" METHODS



One of the jobs currently running through the Nichols Shop specifies lapping hardened steel rings to a flatness of 3 light bands. Measurement with monochromatic light and an optical flat shows all parts coming through to be flat to one light band—or 11.6 millionths of an inch.

For over 20 years, Nichols has been pioneering in the field of "Mass Precision" lapping. Nichols pioneered finishing parts where two sides had to be flat and parallel, and thickness went to "quarter-tenths". This long, valuable experience has made Nichols versatile... now, not only iron and steel, but non-ferrous materials such as bronze and plastic, can be lapped by Nichols to dimensions that are "impossible" for most manufacturers.

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## Textbooks Short

Veterans, finally back in college, find empty shelves at book shops. Hope for getting Army surplus soon is dim.

The famine in college textbooks, which is causing veterans to complain as bitterly as over delay in getting their scholastic records fixed up so they can benefit by G.I. legislation and go back to school, won't end in time for the spring examinations.

Book publishers, happy to be freed of WPB's controls over paper, are still faced with paper scarcity and lack of manpower in printing and binding shops. Meanwhile, February saw more thousands of G.I.'s back in college as the second semester opened.

• **Quick Action Doubted**—Hopes that some 500,000 textbooks which the military turned over to the Librarian of Congress as surplus will lessen the book famine depend on unlikely speed among organizations not famous for speed. Under the surplus property law, federal and state agencies have prior claims over veterans. But Dr. Luther Evans, the Librarian of Congress, who was given the books and who will soon get another 500,000 to sell, can legally avoid the delays of circularizing these agencies inasmuch as he was first claimant and, with War Dept. approval, got the books.

Evans says that he is open to suggestions from colleges willing to help pay for listing titles, packaging, and selling the books to G.I.'s, or to similar propositions from book publishers. Evans doesn't intend to dump them on the secondhand markets, which, of course, will please publishers. He took over the disposal problem after the United States Office of Education and the American Council on Education failed to work out a system during the past six months.

• **Many Applicants**—Depleted federal and state libraries want some of the books, foreign libraries are eager to get them, and the State Dept. will probably want many titles for its propaganda work abroad. Dr. Evans wants to satisfy as many claimants as possible.

The books are mainly regular trade editions in board covers, but as yet no listing of the several thousand titles has been made and no inventory of them taken.

Publishers hope that the shortage doesn't revive restrictions on paper, hence they are stressing manpower shortages as another factor causing the book famine. One publisher reports that 400 titles of its list are unavailable at present.

One of the many advantages

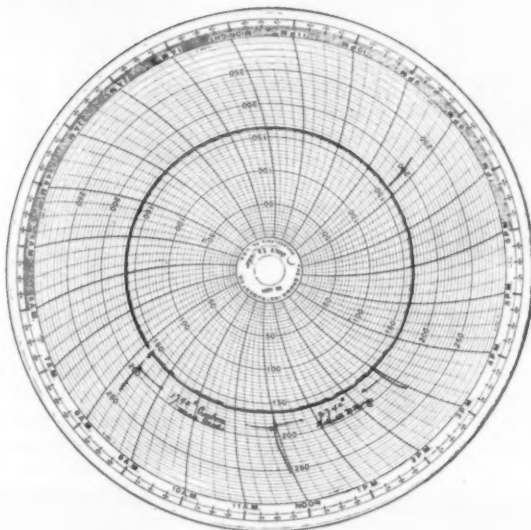
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# MARKETING

## Census Preview

Population figures show movement to the West, decline in marriage and birth rates. Cities report fringe growth.

Marketers who have been wondering how the wartime shifts in population trends finally will stabilize themselves can now get a preview in the picture of the future drawn by Bureau of the Census experts from ration-book data, byproducts of labor force investigations, and vital statistics.

• **Marriage Rate to Drop**—One of the most significant—as well as obvious—factors in the postwar pattern is that the boom in marriages and babies will begin to fade. During the war an all-time U. S. record in marriages was established, with 1942 the high mark—13.1 unions per 1,000 population, or an estimated total of 1,758,000. Incomplete data for 1945 would indicate a rate of about 12, but between 1946 and 1950 both the marriage-rate and the aggregate number of marriages will show a drop.

The backlog of marriages postponed by the depression is at an end. Moreover, military careers have not interfered too much with wedlock, so that another backlog the size of the old one has not been built up. And the coming class of teen-agers eligible for marriage is a "hollow class"—a generation decimated by the depression.

• **Zenith Has Passed**—This new group, aged 10 to 20, which will comprise the eligible material for the next decade numbers only 22,301,000 (see chart), or 7% less than the 24,079,000 teen-agers in 1940. Obviously aggregate marriages will drop when this "hollow class" marches to the altar.

Similarly, the boom in babies is passing its zenith. Births-per-thousand were 21.5 in 1943 (last year for which figures are available), highest since 1925. Consequently, our population under five years of age now numbers 13,147,000 as against 10,542,000 in 1940. This boom was due to a "catching up" on births postponed during the depression, and a "mortgaging the future" by a war-excited citizenry.

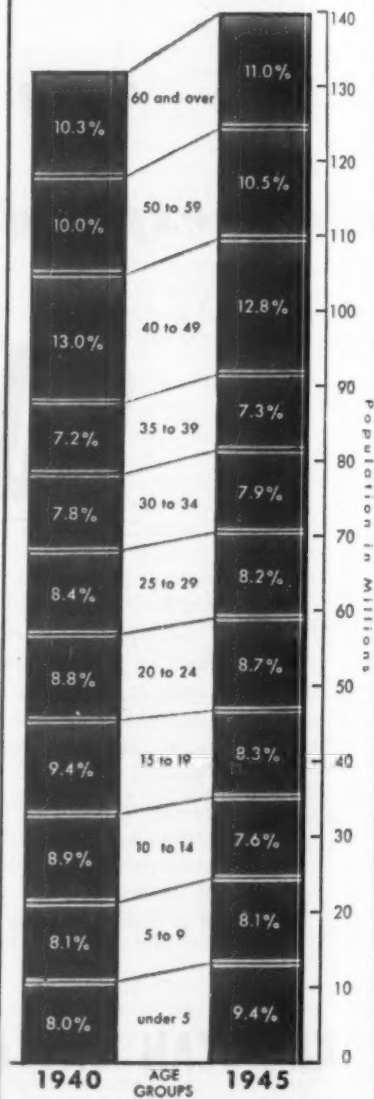
• **Long-Term Trend**—But unless the mothers who did so nobly during the war will continue to have additional children at a high rate in the future (an improbability), the birth-rate is due for a slump. In the long run, the U. S. rate—like that of most white nations—is

declining. It was 55 in 1800 and 30 in 1900, and seemingly will stabilize itself at less than 20 in the years to come.

Population experts know that short-term fluctuations in the birth-rate are linked to national prosperity, but that the long-term trend is tied to a nation's rural-urban character. There's no mistaking where the U. S. is heading in that respect. In 1930 about one-quarter of the population was living on farms. In 1940 it was 23.2%. By 1945 it was only one-fifth.

• **More Women Leave Farms**—During the war period, the net loss to farms was

## AGE PATTERN SHIFTS



Date: Bureau of the Census.

© BUSINESS WEEK



900,000 persons annually not counting losses to the armed forces. This compares with net losses of 630,000 annually in the 1920's and of 375,000 in the 1930's.

Seemingly there is no way to keep 'em down on the farm—especially the women. Migration from farms to cities always has shown a higher ratio of females than males, presumably because the former consider urban work easier, both physically and in the number of opportunities.

The big new question is will returning farmer-soldiers go back to their rural occupations or prefer city life? Nobody knows the answer. But the general trend of farm-to-city migration is bound to continue. Only because of the relatively high birth-rate in rural areas is serious depletion of the population in such communities avoided.

• **West Leads Increase**—Where are they moving to? The heavy gainer in population—not only from farms, but other areas as well—is the West. Between 1940 and 1945, this region had a net civilian in-migration of 2,048,000. Prime loser was the South with a net exodus of 1,203,000.

While the war accentuated this movement, it's no temporary freak. The go-west idea is as old as American history. It periodically gets a hypo through catastrophes, such as wars or the Great Plains drought of the 1930's, but even in normal times, the flow westward never ceases.

All in all, Washington, Oregon, California, Arizona, and Nevada have been favored by net in-migration for a long period of years, but at a generally higher rate during the war. (Conspicuous among migration gainers in other areas are New Jersey, Maryland, District of Columbia, Ohio, Michigan, Illinois, Florida.) Heavy losers, likewise over a period of years, are the west north central, west south central, and east south central states.

• **Net Gain for South**—Net out-migration does not mean, however, that the South is losing in total population. The birth-rate there is so high that the west and east south central states get 50% more natural increase than their loss by out-migration. Note the corollary to this situation: Because of the high birth-rate in the South, the median age there is lower than elsewhere in the U. S.—25.5 years as against 29 for the nation as a whole.

An important angle for marketers resulting from the farm-to-city movement is that most major cities are spilling over into contiguous areas. This trend was apparent even before the war came along to emphasize it.

• **Fringe Growth**—In the decade of 1920-30, the periphery of 133 large cities showed a growth of 16% while the main city grew only 5%. Here are a



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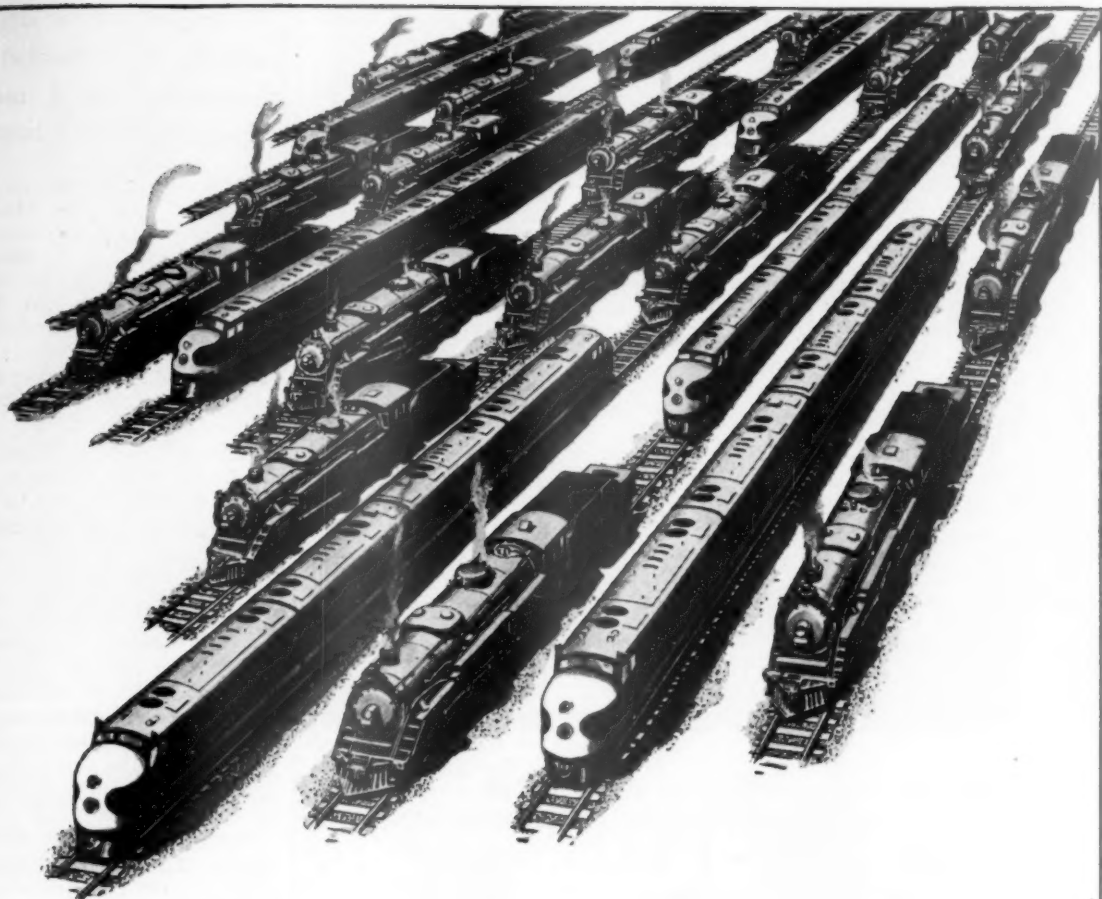
Schooled in war, discharged veterans get their basic training for peace in Manhattan's Hotel Pierre, where everything in a novel bartending school—instruction, equipment, even drinks—is on the house. The dean is Oscar Haimo (right), head of the International Bar Managers Assn. and the hotel's maitre de bar, who has graduated 125 since last fall. Missing no opportunity of impressing brand names on neophyte bartenders, several distilleries donate spirits, Canada Dry the mixers, Libbey Glass some of the glassware. And Haimo has hired 20 graduates for the hotel.

few samples of what happened during the war:

The population within the city limits of Charleston, S. C., increased 14.1% between 1940 and 1944, while the outlying areas increased 178.9%. The Norfolk-Portsmouth-Newport News central city district gained 54.9% while the area outside the central cities gained 176.7%. Mobile gained 35.6%, the outlying area 173.6%. Muskegon gained 5.3%, its periphery 26.8%. Portland, Ore., increased 18.9%, the outlying area 66.7%. Seattle gained 17.9%, its neighboring area 62.5%. San Diego increased 97.6%, the "outside city" area 128.6%. The central San Francisco-Oakland area gained 23.8%, the periphery 71.6%.

• **More But Smaller Families**—Other pointers gleaned from the recent census data:

Estimated U. S. population (including armed forces) was 139,621,431 on



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*Ernest E. Horn*

President



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July 1, 1945, as against 131,669,275 in  
1940. This vast increase, due to high  
birth-rate, was almost nine-tenths as  
large as the increase in the whole  
1930-40 decade.

Number of families increased from  
35,124,380 in 1940 to an estimated  
37,040,000 in 1944. Increases should  
be even more noteworthy in the next  
couple of years because, says the Cen-  
sus Bureau, "many of the war marriages  
have not resulted in the formation of  
families. . . . In May, 1944, there were  
probably almost 4,500,000 married  
women not living with their husbands."

Size of families is decreasing. Exact  
figures are not available, but it is obvi-  
ous that the formation of new families  
will tend to bring the average down.  
Median size of families in 1940 was 3.15  
persons.

Population aged 55 and over gained  
13% between 1940 and 1945. There  
are now 22,205,339 such oldsters in the  
U. S., comprising 16% of the entire  
population.

Dire predictions that wartime mili-  
tary losses would create an embarrassing  
excess of females fell flat. The excess  
of females over males is only 200,000  
and is confined to the nonwhite popu-  
lation.

Population composition by color  
shows no marked tendencies. In both  
1940 and 1945 the nonwhites com-  
prised about 10%. The estimated July  
1, 1945, figure for nonwhites was 14-  
568,294 persons.

Median age of population was 29.7  
years in 1945 as against 29.0 years in  
1940.

Unofficially estimated population 40  
years hence: 161,000,000.



Sheepskins soak in vats at the Bristol (Pa.) Processing Corp.—formerly occu-  
pied by the Fleetwing aircraft division of Kaiser Cargo, Inc.—and will emerge  
as "Bonmouton" pelts. That's the new tradename adapted for another version  
of plasticized shorn sheepskin by Motty Eitingon, New York fur dealer.

## What's in a Name?

New York fur dealer sees  
potential mass market for his  
sheepskin coats—if trade name  
appeals to women buyers.

"Who can tell a woman she's wear-  
ing sheep?" quipped a Manhattan de-  
partment store in defining the term  
"mouton" for male shoppers last  
Christmas. And while the trade snick-  
ered at the advertisement, it has never  
underestimated the potential mass mar-  
ket for this inexpensive, beaver-like  
"fur" (made by plasticizing shorn sheep  
pelts) which before the war was hardly  
touched.

• **Coins a New Name**—Now a syndicate  
headed by Motty Eitingon, New York  
luxury fur dealer, is out to prove that,  
by any other name, you can sell sheep  
to women. It has coined a new trade-  
name "Bonmouton" and expects a  
staple market of a million mouton coats  
a year—half of them mass produced by  
an Eitingon-chosen garment manufac-  
turer out of skins stamped with ram's  
horns trademark of Bonmouton.

Mouton was well known, of course,  
long before Eitingon saw the sheepskin  
on the wall. The first version of chem-  
ically treated shorn sheep pelts appeared  
in Europe in the 1920's, tradenamed  
"Pannonia" in honor of the plains  
region of Hungary whence came the  
sheep. In the 1930's Arthur Laskin be-  
gan commercial production of processed  
sheepskin in this country under his own  
patents. He still operates his own proc-

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9, 1946



More promotional than practical, "Bonmouton" slacks (\$155 plus \$90 for the vest) were offered this season to outdoor enthusiasts by Young-Quinlan Co., Minneapolis store.

essing plant in Milwaukee, but has about given up trying to prevent his tradename, Mouton, from becoming a generic term.

• **Other Processes**—Several years ago Jose B. Calva of St. Paul patented a plasticizing process and licensed manufacturers to use it (BW—Jun. 24 '44, p. 21). There are perhaps ten other firms processing sheep pelts, some under Calva licenses, some under their own processes.

Their output has never lacked for sales. Before the war women's coats made of mouton—which resembles nutria or sheared beaver—were rapidly beginning to invade the coney (rabbit) market since they offered comparable appearance and warmth, plus claims for greater durability, for about the same price. Currently, mouton coat ceiling prices range from \$90 to \$175. The trade estimates prewar coney sales at 800,000 coats a year (government statisticians say 600,000).

• **Waterproof Qualities**—Bonmouton is Eitingon's first venture into actual processing, and into mass marketing, although he comes of a fur dealing family that flourished first in Russia, then in Germany, and since 1901 in the United States. His normal operation is



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# "Slick Work" by Charlie Lauer


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### THE RISE OF DUFFY

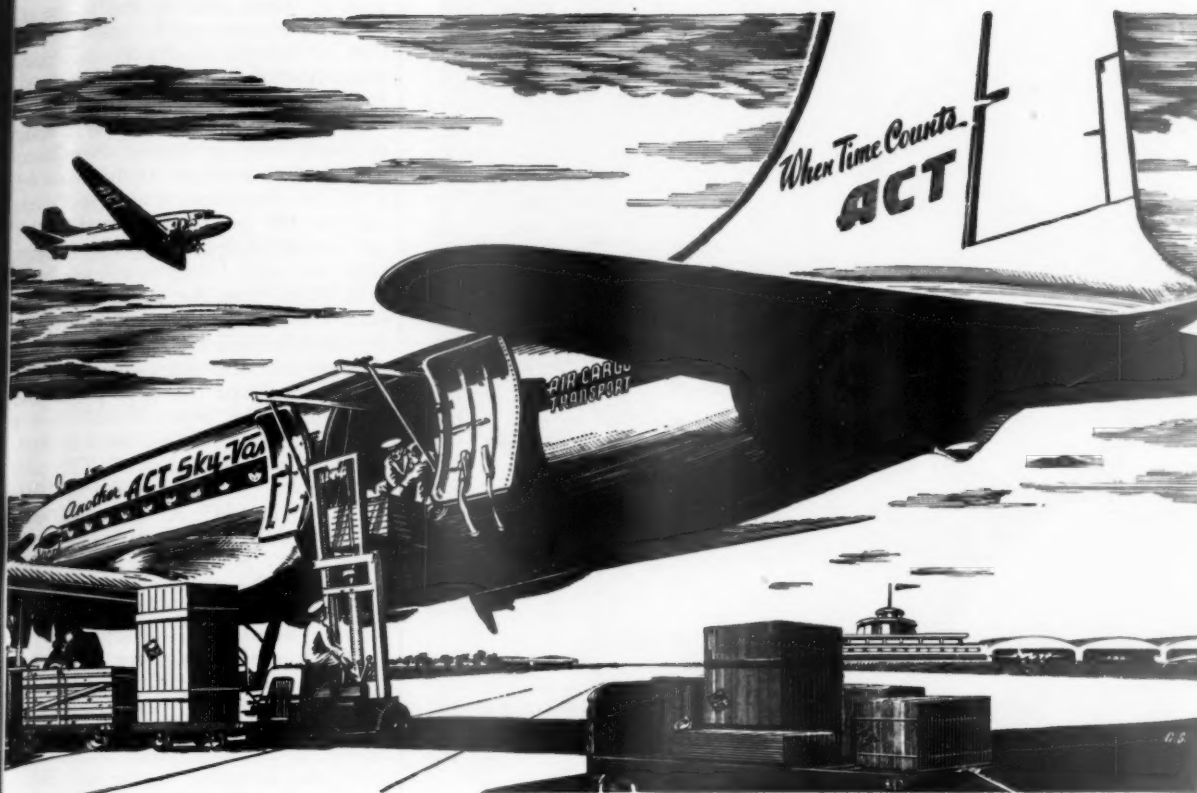
Many an advertising agency chief has come up through the ranks, but more often than not he was an account executive or copy writer. This week a man who made his reputation as a space-buyer came to the top when Bernard (Ben) C. Duffy was named president of Batten, Barton, Durstine & Osborn. Of his 44 years, Duffy has spent 26 with B.B.D.&O., mainly as a space-buyer, but also with some excursions into research and radio. Bruce Barton, former president, becomes chairman of the board.

dealing in luxury furs, with such processes as dressing and dyeing done by other firms to Eitingon specifications. He asserts, for example, that 75% of the world's trade in sable passes through his office.

Eitingon had been interested in mouton since 1929, but only last year acquired a process—developed by Alexander Becher—which he considered satisfactory for permanently straightening the wool fiber and producing the desired color and luster. Bonmouton claimed to have the further advantage of being almost completely waterproof. Eitingon recently became a licensee of Calva, but he says this was not to use Calva's process but to avoid the patent squabbles that have kept Laskin and Calva in the courts for years.

• **New Colors**—Finding no one to undertake the mass production job of processing Bonmouton, Eitingon acquired his first plant early in 1945. The month he opened the fourth, the Bristol Processing Corp., housed in what





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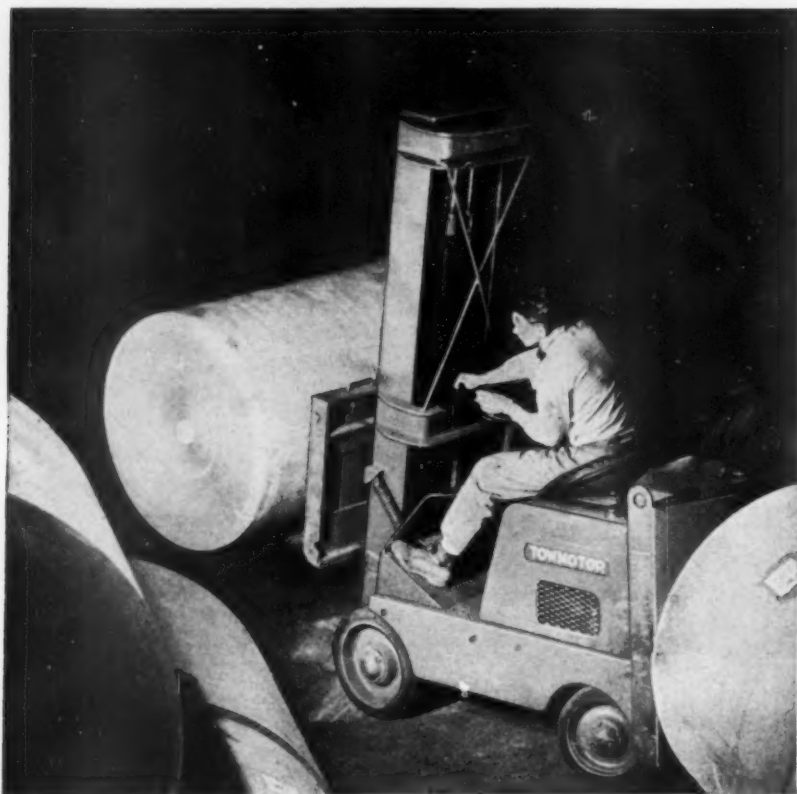
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WHEN TIME COUNTS... ACT



## Raising Wages To Lower Costs

**I**N THE COURSE of expanding their Cleveland plant facilities The Hinde & Dauch Paper Company, manufacturers of corrugated boxes, turned twenty-seven years of Towmotor materials handling experience and "know-how" to their own fullest advantage. As a result, Hinde & Dauch improved their method of handling large, bulky rolls of fibre board by installing a Towmotored handling system.

In addition to solving their handling equipment problem Hinde & Dauch achieved another important improvement. Because of the new system one man operating a Towmotor unloads, transports, stacks and delivers rolls weighing 1500 lbs. to 4,000 lbs. each, totalling 90 tons per day. Since he is paid on a tonnage basis the Towmotor operator actually earns more money than under the previous method although the cost of handling has been

appreciably reduced. This "pay increase" is possible because flexible Towmotor can transport and stack 3 to 6 foot long rolls anywhere in the plant without extra manual handling. In many of the other Hinde & Dauch plants throughout the country the Towmotor method has already been adopted.

For every handling problem there is an engineered solution .... a solution based upon Towmotor experience and "know-how" gained in solving handling problems in every industry. Send for your copy of the Towmotor Lift Truck ANALYSIS GUIDE today. Towmotor Corporation, 1221 East 152nd Street, Cleveland 10, Ohio.

**TAKE IT UP WITH**  
**TOWMOTOR**  
**THE ONE-MAN-GANG**

was formerly the Fleetwing aircraft factory in Bristol, Pa. A fifth plant will be built in Texas close to the source of domestic sheepskins. Seventy-five percent of Eitingon's pelts are imported, from Australia, South America, and South Africa.

At the moment Bonmouton is being produced only in brown; but black, white, beige—even red—are promised for 1947. In other respects next year's production will be even better than this year's, since, instead of the No. 1 sheepskins now used, Eitingon will use lambskin. Right now the market value of lambskins exceeds their ceiling price by an uncomfortable margin.

• **Promotion Campaign**—Eitingon has widely advertised his 1946 production schedule to the trade: 30,000 skins a week by June 1; 40,000 a week by Sept. 1; 50,000 a week by Nov. 1. This adds up to about 2,000,000 skins in 1946; 2,500,000 in 1947. At \$12 each, once price controls are removed (about \$7 now), that's eventually a \$30,000,000 business. Eitingon talks about reducing his trade in luxury furs, making the mouton business half his total sales.

Merchandising plans are on a comparable scale. Eitingon's \$300,000 advertising budget this year provides for space in national consumer magazines, as well as the trade press; a radio program may be added in the fall. Some tie-up with a recognized coat manufacturer will make sure that coat output keeps pace with pelt production. Foreign manufacturers will be licensed to use the process, but domestic production of Bonmouton will be exclusive with Eitingon.

## MOVIE PHONE SERVICE

New Yorkers, long used to telephoning for time and weather announcements, last week were offered a new convenience: By dialing Movietone, Inc.—Main 5-6171—they can find out what film is offered at any theater, the actors starred in it, the type of story, when the feature starts—even the film footage.

Movietime gets its revenue from theaters that pay fees ranging from \$30 a month for neighborhood houses to \$150 a month for palaces like the Roxy. Listings of 693 movie theaters are carried.

Besides this, reports Julius Polinger, Movietime's founder and head, "We can tell callers what's on at the Metropolitan, Carnegie Hall, and legitimate theaters," and adds, "We generally have to tell 'em how to get there. On the Third Avenue L."

Polinger points out that his Brooklyn location is "in the diametrical center of the city, within the greatest range of the 5¢ phone call." Listings of suburban theaters will be added in a few weeks for the convenience of commuters.

Brand-new also is the telephone order

service offered by Michael Todd, producer, for his current shows, "Up in Central Park," Maurice Evans' "Hamlet," "The Would-Be Gentleman" and "January Thaw." Todd, who, incidentally, claims to be the first producer since Ziegfeld to have four Broadway shows simultaneously, reports that 90% of the tickets ordered by phone are actually picked up.

## MACY SUED OVER PENS

R. H. Macy & Co. is the latest firm to be involved in the legal fireworks attending the debut of the ball-bearing fountain pen (BW-Mar. 2 '46, p. 76). Last week Macy's sold out promptly—at \$19.98—a shipment of "Birome" pens purchased from a South American distributor.

This week an injunction suit was filed against Macy in the U. S. District Court in New York by Eterpen Sociedad Anonima Financiera of Argentina, Eversharp, Inc., and Eberhard-Faber Corp., who claim to have exclusive distribution rights to the pen in this country.

Meanwhile the Reynolds International Pen Co.'s version of the ball-bearing pen continues to sell hand-over-fist at \$12.50 (BW-Dec. 15 '45, p. 84).

## P.S.

It's still the same old story: January retail sales, as computed by the Dept. of Commerce for independent stores in 34 states, showed a 17% gain over January, 1945. Filling station sales had the highest spurt (up 48%); hardware sales (up 39%), furniture (37%), and lumber-building materials (33%) were next in line.

A bill has been introduced into the Kentucky state legislature providing for 30 days in jail, or a fine up to \$25, or both, for customers who forget to pay their retailers in a reasonable length of time.

All known owners of RCA Victor television sets soon will get a letter offering to switch their receivers to conform with the recent switch in television channels for \$30.

Fabric makers who insist that their products have gone unbranded and unadvertised far too long seem to be getting somewhere. In the Mar. 15 issue of Vogue, about 75% of all display advertisements featuring women's clothing mention the fabric by brand name.

Sales of perfume, cosmetics, and toiletries (exclusive of toilet soaps) last year reached an all-time high of \$659,900,000, up 21% from 1944, estimates the Toilet Goods Assn. Twenty years ago women bought only \$256,400,000 worth.

# the A·B·C's of Southern Sales

**A's** for Atlanta, Augusta and Asheville,

**B** is for Birmingham, a steel-making Cashville;

**C** is for Charleston, the old South a part of,

**D** stands for Dallas, deep in the heart of;

**E's** for Economy in fares to all places,

**F** is for Ft. Worth and wide open spaces;

**G** is for Greenville, on the new Piedmont line,

**H**—Hospitality—and service so fine;

**I** is for Industry, with cash in the till,

**J** is for Jackson, and now Jacksonville;

**K** is for Knoxville, with its dams and its turbines;

**L** is for Lexington, famed for horses and bourbons;

**M** means Miami, Meridian and Monroe,

**N's** for New Orleans, a good place to go;

**O's** for Other Cities on Delta's route map,

**Profitable** indeed for all salesmen to tap.



General Offices: ATLANTA, GA.

For reservations, see your Travel Agent, or nearest Airline Ticket Office



# LET'S X-RAY A CITY...WHO

*You see . . . people flipping switches to light their homes and offices.*

*You see them setting dials to control air temperatures.*

*You see them turning faucets to get fresh, pure water.*

*You see . . . a fabulous, hidden world of machinery—power plants, heating systems, pumping stations—*

*producing the magic that makes great cities possible . . .*

*You see . . . Allis-Chalmers engineering aiding all industry to further good living for everyone!*

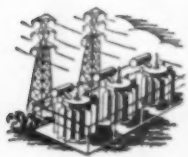
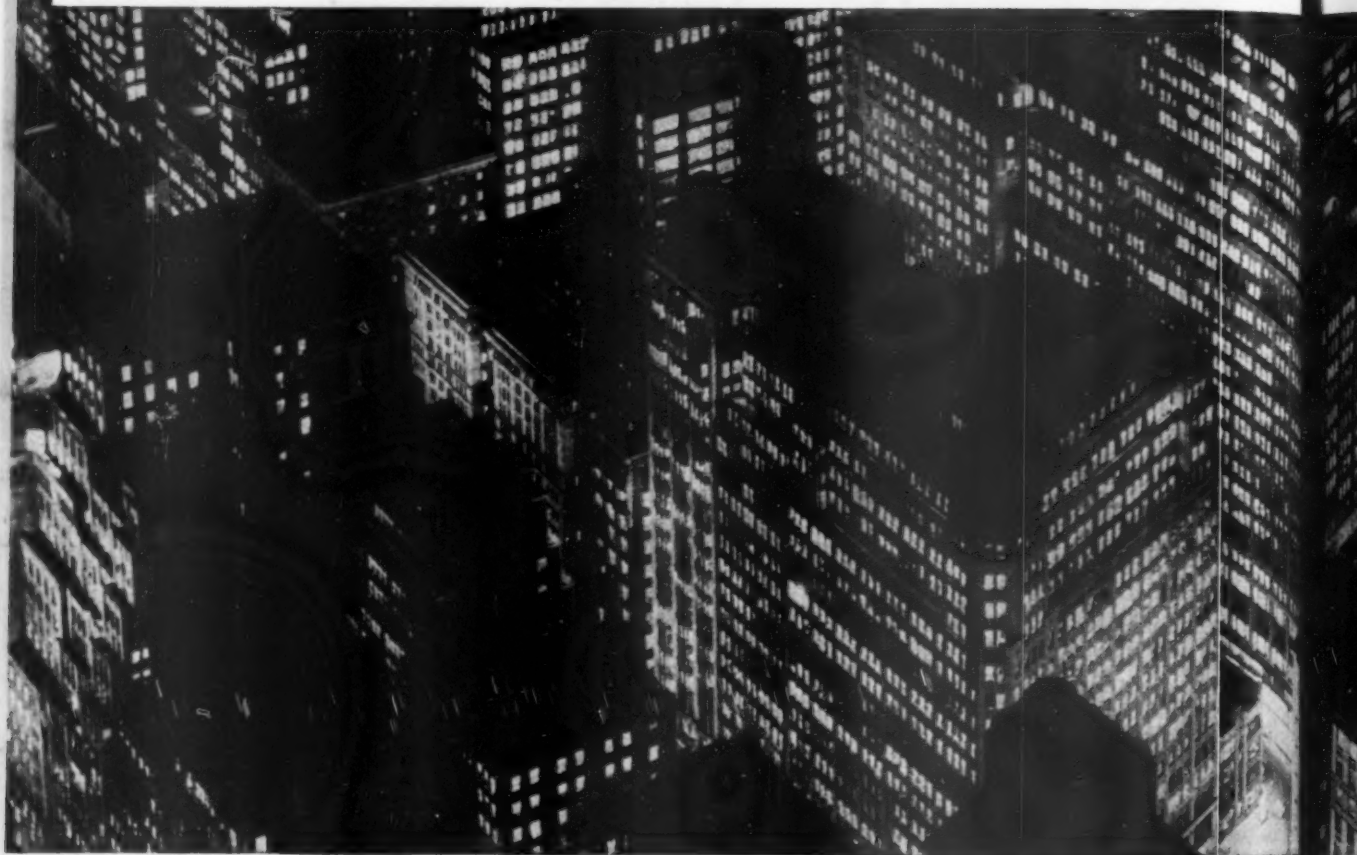
\* \* \*

*There is hardly a manufactured thing employed or enjoyed in modern good living—to which Allis-Chalmers engi-*

*neering "know-how" does not contri-*

*The steel and concrete that the city's skeleton . . . the electric power that brings it to life . . . the supply and sewerage facilities . . . turning wheels of its industries . . . very bread on its breakfast tables—these and more, Allis-Chalmers machinery helps bring to your good li-*

*But it is not bigness alone*



For the producer, distributor, or user of commercial electric power, Allis-Chalmers provides new and improved power generating units, transformers, unit substations, switchgear, control, circuit-breakers, switchboards, rectifiers, converters, regulators, motors, and scores of other electrical products. In electrical equipment, Allis-Chalmers is a good name to know.

## ALLIS-CA

◀ One of the Big 3 in Electrov  
Biggest of all in ge

# WHO YOU SEE?

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made Allis-Chalmers one of the  
s greatest industrial names. It is  
oundness of Allis-Chalmers engi-  
g—the integrity of workmanship  
makes every product stamped  
great.

Allis-Chalmers is a good name to

*Allis-Chalmers Manufacturing Company  
Milwaukee 1, Wisconsin*



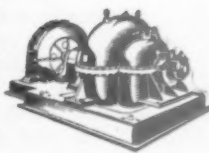
TUNE IN THE BOSTON SYMPHONY over the American Broadcasting Company, Saturdays, 9:30 P. M. EST

# ALLIS-CHALMERS

## Electrical Equipment—

## Range of Industrial Products ➡

Pumps to handle a city's water are among the 1600 products of Allis-Chalmers engineering. To every basic industry—food, iron and steel, mining, petroleum, paper, wood, metal working, chemical, construction, transportation, textile—Allis-Chalmers supplies essential machinery. Whatever your equipment need, call the Allis-Chalmers office in your city.



# PRODUCTION

## Chemical Industries on Parade

Exhibition highlights increasing use of light and rare metals and of electronics in manufacturing processes. Spending for new production facilities may triple 1939's \$275 million.

Ready to spend about three times the \$275 million paid out in 1939 for new production facilities, the chemical process industry showed a high degree of interest in the equipment and materials at the Twentieth Annual Exposition of the Chemical Industries in New York City last week. An estimated 50,000 saw the 398 exhibits that filled the four floors of Grand Central Palace to rate this the industry's most successful show.

But this attendance was not surprising for the industry's production jumped in value from \$12 billion in 1939 to more than \$22 billion in 1944, with further important advance expected following a temporary recession from the peak.

• **Trend to Platinum**—Among the trends and developments highlighted at the show was the increasing use of rare metals for industrial purposes, as indicated earlier by U. S. Bureau of Mines' figures placing the consumption of platinum in the chemical and electrical industries at 165,000 troy ounces during the first half of 1945 and that of palladium at 40,000 troy ounces. (In all of 1939 the consumption of platinum in these industries amounted to 32,258 troy ounces, that of palladium 21,978.) Many specific examples of the application of these metals were shown, including a 100-lb. chemical agitator clad for corrosion resistance with platinum worth several hundred dollars.

On display, too, were a platinum-clad gasket for glass pipelines, platinum-gold alloy spinnerettes for making rayon fibers, a platinum-rhodium gauze cylinder about 1 ft. in diameter and 15 in. high for ammonia oxidation in the manufacture of explosives and fertilizers, and medium-size tubing clad inside, outside, or both, with rare metal.

Further evidence of the extensive industrial application of rare metals, laminated to base metal to reduce the cost, was seen in the exhibits of tubular waveguides for radar sets and contact rings, strips, and points for other electrical equipment. Then there were platinum, gold, and silver brazing alloys and fluxes, together with platinum, osmium, and ruthenium tipping materials for long-life instrument pivots, phonograph needles, and pen points, as

well as the now-common precious metal laboratory ware. It costs about \$287 a sq. ft. for a 0.005-in. platinum coating on base metal, but this has a scrap value of about \$267.

• **Navy Controls Humidity**—The Navy's new low-cost method of placing its fighting ships into a nondeteriorating standby condition from which they can be put back into action in ten days was revealed at an exhibit of humidity-control equipment. As each ship joins the inactive fleet, the stacks and other large openings are sealed to keep out the weather, then the air inside is kept at 30% or lower relative humidity by automatically controlled dehumidifiers, thereby protecting the equipment against corrosion.

The dried air is circulated to all parts of the ship through the empty fire-fighting water mains, and pipes con-

nected to these mains blow the air through the tubes of the big guns on deck and into metal housings over deck equipment such as searchlights. Strip-off plastic film protects torpedo tubes and some of the other equipment on deck, while part of the machinery and piping in the hull is coated inside with a thin film of paraffin-type material which need not be removed when the ship goes back into service.

Three or four thousand ships are to be put into quick-comeback idleness under the Navy's inactive-fleet program just as soon as the materials are available and as fast as the reduced crews can do the work.

• **For Detecting Metal**—Electronics, as usual, attracted much attention at the show. New in this type of equipment is a machine which detects even minute pieces of magnetic or nonmagnetic metal in a product traveling 600 ft. a minute on a conveyor or chute or through glass pipes. Developed for the inspection of rocket fuel, the dust-tight, splash-proof, rugged detector has application in the food, plastics, paper, rubber, explosive, textile, and other industries. Requiring only 140 watts of power, the device screens the flowing product with a high-frequency electromagnetic field, and the presence of a particle of metal triggers a reaction which is detected and amplified electronically to operate an automatic sig-



### SPOKANE EXAMINES ITS POTENTIALITIES

Not to call attention to what the area produces but to what it doesn't was the novel theme of Spokane's Inland Empire Manufacturers' Opportunities Exhibit (above). Committees representing all phases of farming and industry screened the show's 750 entries, decided that 350 qualified as items that the region uses in large quantities, does not make, but could. Sponsor of the show, the Spokane Chamber of Commerce, is hoping that the display will result in the setting up of new enterprises, expansion of old ones.



# Why \$1.57?



## Harden it for **10¢** with TOCCO

**PROGRESSIVE Kearney & Trecker Corp.**, Milwaukee, Wisc., reports the following savings by TOCCO hardening the above saddle clamp eccentric of their Milwaukee Milling Machine:

	FORMER METHOD	TOCCO
Heat treating.....	\$ 0.721.....	\$ 0.099
Straightening.....	0.752.....	0.000
Cleaning.....	0.100.....	0.000
Total Cost.....	\$ 1.573.....	\$ 0.099

**Saving . . . \$1.47 per piece**

In addition to this saving of \$1.47 per piece, TOCCO made possible a switch from alloy steel

to S.A.E. 1045 steel, saving \$0.110 in material cost per piece.

Total saving on each run of 1375 pieces for this one part is \$2,172.50.

Kearney & Trecker hardens a total of 140 different parts on one "TOCCO JR." machine. Output of some parts has been increased as much as 500%.

Why not enlist TOCCO's experienced Engineers to help you obtain similar improvements for *your* production? New booklet, "Results with TOCCO", gives ideas for hardening, brazing, annealing, heating by TOCCO Induction.

**THE OHIO CRANKSHAFT COMPANY**



# TOCCO

— MAIL COUPON FOR BOOKLET —

The Ohio Crankshaft Co.  
Dept. W, Cleveland 1, Ohio

Send free Copy "Results with TOCCO"

Name .....

Company .....

Address .....

City ..... Zone ..... State .....

## INDUSTRIAL FACTS ABOUT TENNESSEE

### Labor

The average Tennessee industrial worker looks about the same as other Americans of the same economic strata. He has the same ambitions and the same desires for self-improvement but he knows that his success can come only from his own efforts. He speaks the same language, if with a soft accent and local idiom, and at first glance you wouldn't notice any difference between him and industrial workers of other sections. But there are a few basic differences that have proven profitable to management.

The Tennessee worker is principally of pioneer stock; consequently, his being is still deeply rooted in the soil. The chances are he owns a small farm near town, or his home with garden and chickens, and very often a cow. He is a citizen of, and has an interest in the community where he works. He is an individualist not easily swayed by demagogic oratory or utopian promises.

In Tennessee, the worker has room to live, room to work and room to play—and he enjoys all three to the fullest. He does not have the cramped, futile feeling possessed by so many workers in the more congested areas.

Being of pioneer stock, the Tennessee worker has not forgotten man's oldest lesson—that he must live by the work of his hands. The heritage of craftsmen ancestors give to his hands a native skill that makes him efficient in the most intricate operations. This native skill makes for efficiency in manufacturing or assembly. He has retained the early craftsman's pride of his work—in the perfection he has put into the finished article. This pride insures a better manufactured product. His inherent belief in religion, based on the Golden Rule, makes for smoother industrial relations.

Detailed information on labor, as well as all other industrial resources in Tennessee, are treated in a big, 210-page general survey: "Industrial Resources in Tennessee." That will be mailed free to executives and industrial engineers. Dictate a request today—on your business stationery, please.

DEPARTMENT OF CONSERVATION  
Information Division

915 State Office Bldg. Nashville 3, Tenn.

**TENNESSEE**  
*First Public Power State*

naling, marking, or ejecting apparatus.

On exhibit, too, was the new electronically heated glass vacuum evaporator that concentrates enough penicillin in 24 hours to fill 20,000 ampules, each containing 100,000 units of the drug. Requiring 4.5 kw. of power, it evaporates about 3 quarts of water an hour and is called a useful automatic laboratory and production tool for the pharmaceutical and chemical fields.

• **New Control Devices**—Several other new developments involved electronics. One was a recorder-controller for fluid flow as small as 10 c.c. a minute, displayed alongside a new continuous viscosity meter consisting of two floats in a glass tube, one sensitive to rate of flow and used for reference-point adjustment; the other sensitive to viscosity and giving a direct reading by its position in the tube.

An exhibit of electrostatic separating equipment pointed up new applications of high-rate production units in the segregation of slate from coal, removal of skin particles from powdered dehydrated onion and garlic, and other uses.

• **Variety of Uses**—A new laboratory-size ultrasonic generator exhibited at the show was developed for research into the interesting effects of high-frequency sound waves. Operating on 110-volt,

50-to-60 cycle current, the generator utilizes an electronic circuit and quartz crystals to produce sound waves of 100, 400, 700, and 1,000 kilocycles a second.

It is possible with these frequencies to transform imiscible liquids such as oil and water into stable solutions, depolymerize long-chain molecules, coagulate precipitates, produce colloidal suspensions of solids in liquids, diffract a light beam, heat materials, remove entrained gases from molten metals, kill the bacteria in milk, treat diseased tissue, cause seeds to sprout quickly, and do other equally surprising things.

• **Light Metals**—The feather-weight metal, magnesium, probably stopped at many visitors at the show as anything. It was exhibited in the form of a "lawnbarrow" so light it surprised those who picked up the handles, a lawn mower with magnesium parts which cut its weight in half, easy-to-handle pruning shears, and a 50-ft. radio tower which can be assembled on the ground and relayed into position by two men with a block-and-tackle.

A pleasant odor emanating from one of the booths called attention to the new applications of perfume oils to take the smell out of paint, produce a lipstick which "retards" breath odors, and "freshen" the air in planes, trains, and circus tents.

## For Trailers—A New Type of Suspension

From the Pacific Coast comes a new type of trailer suspension called Feather Ride, now being aggressively merchandised in every state.

The Feather Ride tandem axle suspension unit can trace its origin to the logging industry. R. W. Pointer, president of Feather Ride, Inc., is also president of Pointer-Willamette Co. of Portland, Ore., one of the world's biggest builders of heavy-duty logging trailers.

Pointer has been an exponent of coil springs for many years. Testing of his ideas in rugged timber country resulted in the Feather Ride system. Advantages claimed include: trim appearance, lighter weight (by hundreds of pounds), underload springs, elimination of axle kickup on fast stops, no need for lubrication, and an automatic "steering" feature that greatly eases tire scuffing.

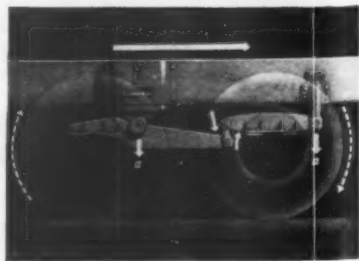
The underload springs are located inside the main coil springs on each side of the trailer frame. They carry the weight of the trailer when empty, permitting the main springs to be better proportioned for load conditions.

So-called automatic steering on

curves comes from the shift in axle position permitted by the rubber mountings of the suspension system, the same feature that eliminates oiling.

When the brakes are applied, the tandem suspension converts the momentum into additional traction.

The twist in one axle as the brakes are applied opposes that in the other through a bell crank arrangement (below). With the coil-spring unit located ahead of the rear axle and a difference in the length of the bell crank arms, there is a downward force at points (a) to prevent kickup of either axle and to keep the wheels firmly on the ground for quick, smooth stops.



## Aluminum Race

In moves for competitive position, Reynolds leases government plants as Alcoa steps up its northwest operations.

Both Reynolds Metals Co. and Aluminum Co. of America took steps last week to improve their competitive positions in the aluminum production field. Reynolds leased from the Reconstruction Finance Corp. the \$44,327,000 McCook sheet mill at Chicago, and Alcoa initiated steps to improve raw material supplies for its Pacific Northwest operations.

**Rental Terms**—The McCook mill, with a capacity of 288 million lb. of sheet annually, was leased for five years on a rental of 5% of net sales, with minimum payments ranging from \$750,000 the first year to \$2,482,312 the fifth. The lease includes an option to purchase.

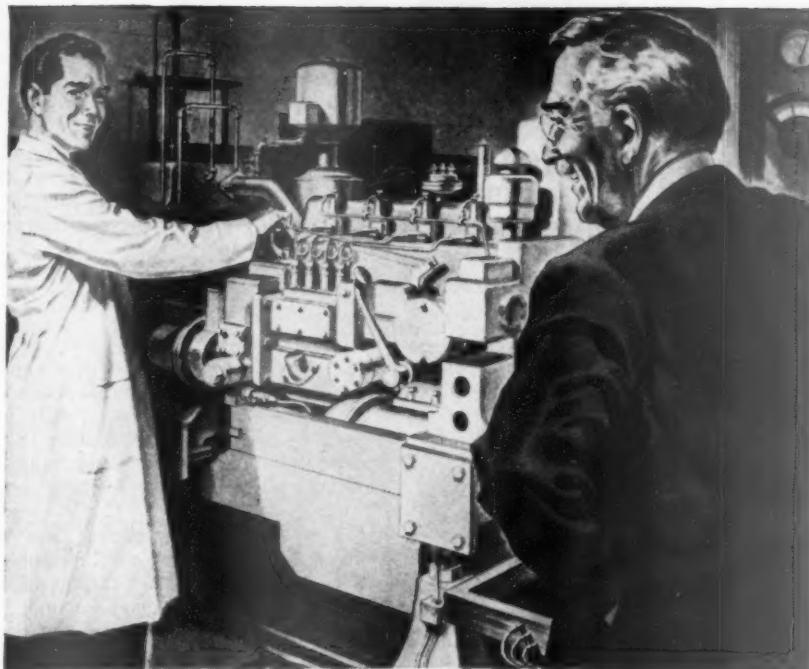
Reynolds plans to concentrate on aluminum sheet for housing purposes at McCook. If its experimental aluminum-concrete house can be perfected speedily (BW—Feb. 16 '46, p. 50), some production may go for this purpose. Later, it will fabricate aluminum products there and also produce for railroad equipment makers.

**Laterite Experiments**—Alcoa is pushing pilot plant experiments on utilizing low-grade laterite, found in Oregon, as a potential source of aluminum ore. While the laterite contains less alumina than the low-grade bauxite used in Arkansas during the war, it has a high percentage of iron oxide. Alcoa is hoping to develop a process for producing both alumina and marketable iron—possibly obtaining a residue with high lime content for fertilizer purposes.

Alcoa has placed a considerable acreage under option. The Oregon deposits reportedly average 33% alumina, 33% iron. Alcoa has released no figures on the quantities of ore discovered there, but the Oregon Dept. of Geology & Mining Industries reported in 1945 that 3,600,000 long tons had been found.

**Alaska Limestone**—To round out contemplated operations, Alcoa is preparing to bring high-grade limestone (used in extracting alumina from bauxite, laterite, or clay) from Alaska to the Portland-Vancouver (Wash.) area. The limestone, besides supplying Alcoa's potential smelting needs, will be sold to other industries in the area.

Reynolds, which previously had leased the Hurricane Creek (Ark.) alumina plant, the nearby Jones Mill aluminum reduction plant (BW—Dec. 22 '45, p. 31), and the Grand Rapids (Mich.) extrusion plant (BW—Jan.



## WHEN A PEDRICK RING TURNED FAILURE INTO SUCCESS!

A WELL-ESTABLISHED MAKER OF ENGINES was on the verge of quitting.

Their new engine was revolutionary. Powerful, light-weight, compact, high-speed, very flexible. It had everything. It was already being widely used when complaints began to pour in. Everywhere, results were the same . . . excess oil-consumption.

The engine was taken off the market. The new factory and office closed. Finally, engineers and research men were ready to write it off as a failure.

Right then, Pedrick engineers entered the picture. They suggested a newly developed Pedrick oil-control ring. This ring, actually two rings in one groove, backed by an expander, saved the day. The factory went back into production. Today, those engines with Pedrick rings in them are used around the world.

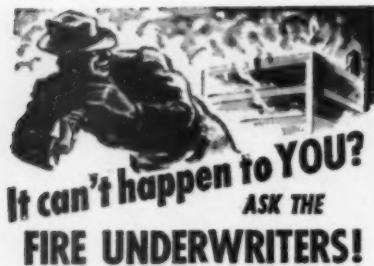
These bare facts are typical of the big difference that the right ring can make, and of the paramount importance of Pedrick's research in rings. For more than twenty-five years, Pedrick has meant progress in piston rings. Put this experience to work.

For your automotive equipment, for your Diesels, compressors, hydraulic cylinders, and other equipment, depend on Pedrick.

WILKENING MANUFACTURING CO., Philadelphia 42, Pa. In Canada: Wilkening Manufacturing Co. (Canada) Ltd., Toronto.

**Pedrick**  
precisioneered PISTON RINGS





Unthinkable—that your plant should be singled out by a crazy fire bug! But if you believe that arson is an uncommon crime, consult the fire underwriting and rating bureaus.

Your best safeguard against fire, malicious or accidental, is a DETEX Watchclock System. Guards and Watchmen carrying DETEX Watchclocks are not likely to sleep, skip rounds or shirk duty. Because they know that the DETEX record dial tells instantly whether they



have been faithful—or negligent! DETEX is alibi-proof!

Give yourself the ultimate protection by installing DETEX. Inexpensive, it soon pays for itself in lowered insurance rates. Write today.

"Your Protection is Our Business"

DETEX WATCHCLOCK CORPORATION

Dept. B-4

Home Office, 76 Varick St., New York 13, N. Y.

Sales and Service in All Principal Cities

**DETEX**

WATCHMENS CLOCKS

NEWMAN ★ ECO ★ ALERT ★ PATROL

Point your finger and TALK with the new

**FLEXIFONE**



Give Orders . . . Get Action  
Save time, money,  
stops and nerves . . .

Push a button and talk—you're instantly connected with the man you want! New streamlined cabinets—latest electronic features. For free FLEXIFONE folder, write Dept. B-39 Operadio Mfg. Co., St. Charles, Ill.

OPERADIO

**FLEXIFONE**

INTERCOMMUNICATION SYSTEMS

26'46,p82) from RFC, now is reportedly interested in the \$9 million former Curtiss-Wright Corp. aircraft plant at Standiford Airport, Louisville. If Reynolds should get it, operations currently spread through a number of facilities in Louisville probably would be consolidated there. The fact that this plant has been designated as a military "standby" facility, however, may prevent consummation of any deal.

## IMPROVED DUPLICATING

Eight years ago, James Finno began experimenting with the use of a single-ply sheet of special paper, adaptable to any typewriter, as a printing plate for short-run offset duplicating work. The purpose was improved reproductions, at low cost and without employing a metal printing plate.

As first developed, the process involved transferring the printing images to the paper plate through carbon paper, and such a plate was good for only 75 copies. Phases of the technique now have been improved until a single-ply sheet will print 3,000 clear reproductions of either typewritten copy or drawn images. By substituting the paper plates for copy paper it is possible to make transfer master plates by the offset process, a special ink having been developed for this. A small supply of these master plates replaces a large stock of printed forms which require the addition of variable data and the reproduction of multiple copies.

Useful for duplicating reports, form letters, circulars, the process has been patented and rights assigned to Replica Products Co., New York City.

A big advantage of the method, which the federal government has obtained a license to use, is that it is easy to make many duplicates of a form after typing in variable data.

## SAWDUST ALCOHOL

Ethyl alcohol from wood waste will probably start flowing from the Willamette Valley Wood Chemical Co.'s plant at Springfield, Ore., in June at a rate of 5,000,000 gal. a year.

Halted ten days after V-J Day (BW-Sep.8'45,p32), construction was resumed Jan. 2, when the Dept. of Agriculture assumed sponsorship of the process, which uses a seized German patent (BW-Apr.15'44,p19).

WPB divorced itself from the unfinished plant when hostilities ceased, but Secretary of Agriculture Clinton P. Anderson persuaded the Reconstruction Finance Corp. to grant \$450,000 to finish it.

Sponsors of the project assert that alcohol can be produced far more cheaply from sawdust than from molasses or grain.



A VERY LARGE BOOK

could be compiled with the ETL reports on experimental models of devices found on test to be lacking in qualifications necessary to the successful operation which means marketability. Naturally these tests have saved large amounts of promotion money for the manufacturers who submitted them for test . . . first

In most cases the tests have been the means toward a successful redesign.

It is expensive to have the consumer do the testing.



**REVOLVATOR**  
REG. U. S. PAT. OFF.  
**PORTABLE ELEVATORS**

**Always on the Job**



Rapid Loading of ice with REVOLVATOR Hand Power Model 800 lb. Capacity 8x2. Other sizes for handling up to 5,000 lb. loads.

Simple, inexpensive hand models save time and labor in hundreds of routine operations. Top is hinged to permit moving through low doorways. Enclosed hoist unit equipped with lowering speed regulator and automatic self-closing brake. Vertical floor lock. Wide faced floor wheels and 180° arc to pull handle make REVOLVATOR as easy to move and maneuver as any lift truck. May be had with revolvable or non-revolvable base and platform type to suit the job.

**REVOLVATOR Co.**

2011 86th St. NORTH BERGEN, N. J. Since 1904

## NEW PRODUCTS

### Metal-Balsa Sandwich

By bonding thin sheets of high-strength aluminum alloy to both sides of a relatively thick end-grain balsa wood, the Vought Aircraft Division of the United Aircraft Corp., Stratford, Conn., has produced a new structural material with a high strength-weight ratio. Named Metalite, it has been used in



Corsair stabilizers, and further application is predicted in aircraft, as well as in prefabricated houses, radio cabinets, shipping boxes, and other things where strength, lightness, and a smooth metal surface are an advantage. The material is called the answer to skin wrinkling and the drag of rivets in high-speed planes.

The metal-balsa sandwich is formed under moderate heat and pressure in either flat or curved shapes, and gentle curves can be put into flat pieces by pressure.

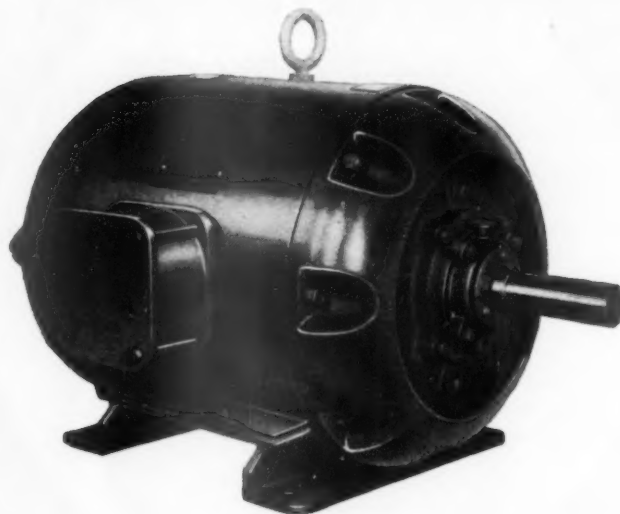
### Vacuum Blasting

Developed to clean concrete, brick, or steel surfaces by abrasive blasting without blowing dust and grit into the air, the new Vacu-Blaster has a vacuum pickup around the blasting nozzle. This pickup passes the spent steel-grit abrasive and the debris to an abrasive recycler and a dust collector, and the recovered steel grit feeds automatically into the pressure tank to be used over.

The Vacu-Blast Co., 272 Fremont St., San Francisco 5, finds that the individual operating the blaster needs no mask, that the cleaned surfaces may be painted while the machine is working in adjacent areas, and that vacuum blasting is permissible in places where open blasting would not be feasible.

Blasting is conveniently controlled at

**When explosion-proof Motors are needed - -**



If it's built by

# Wagner

**- - it's dependable**

When you specify Wagner explosion-proof motors, like the one shown above, on hazardous-location motor drives, you are not only assured many years of troublefree motor performance, but you also effect substantial savings as well.

You save on engineering and construction costs because there's no need for special vaults or troublesome remote drive arrangements.

You save on maintenance costs because Wagner HP motors are sealed against the entrance of dust, fumes, and moisture which are the cause of most motor maintenance.

You save on insurance costs because with Wagner HP motors on those hazardous-location drives your plant has the best in electrical safety.

The reputation for dependability held by Wagner motors also applies to all other Wagner products which include transformers, unit substations, industrial brakes, air brakes, hydraulic brakes, CoMaX brake lining, NoRoL, and Tachographs (recording speedometers).

For details on any Wagner item, consult nearest of our 29 branch offices, or write us.



## Wagner Electric Corporation

ESTABLISHED 1891

6460 Plymouth Avenue • St. Louis 14, Mo., U. S. A.

In Canada: Wagner Electric at Leaside, Ontario

**ELECTRICAL AND AUTOMOTIVE PRODUCTS**

M46-7

## ENGINEERED ADVERTISING *produces profits for* ACME BREWERIES



Although Acme Beer sales are confined to the West Coast, this brand ranks 7th in national sales. Percentage-wise, more Acme Beer is sold in California than any other beer in a major area.

*Engineered Advertising* consistently provides our clients with what competitors do not possess.

For, *Engineered Advertising* helped Acme achieve its enviable position... a two to one leadership over its nearest competitor... with the mathematical certainty of results that the power of consumer favoritism assures.

Acme Breweries has been a client since Repeal. Perhaps, if you teamed with us in 1946, we could help achieve like results for you.

## BRISACHER, VAN NORDEN & STAFF



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ESTABLISHED  
1919

MAIN OFFICES — New York • San Francisco • Los Angeles  
RADIO HEADQUARTERS — Hollywood  
SERVICE OFFICES — Portland • Seattle • Chicago • London, England

the gun by a pushbutton which remotely operates a magnetic valve on the compressed-air line connected to the abrasive pressure chamber. The vacuum is produced by a positive-action pump driven by a 7½-hp. motor.

### "Walking" Sprinkler

Watering the grass becomes almost choreless operation with the new Time-elawn water-powered sprinkler which moves across the lawn at either 20 or 30 ft. an hour as it sprays a circle 5 to 60 ft. in diameter. The robot sprinkler arms spin, as in the ordinary revolving spray, and through worm gears drive a ratchet mechanism that rotates the rear driving wheels.

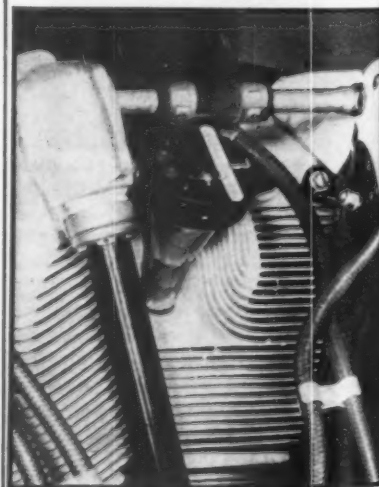
Placed astride the hose after it is doubled back, the sprinkler is steered along the hose by its closely spaced front wheels and will follow a straight line, curves, or circle until it runs into a prepositioned stop which shuts off the water and brings the sprinkler to a halt. It is designed to drag 100 ft. of hose behind it and to climb 15% slopes.

Developed by the Stansens Corp., 510 N. Dearborn St., Chicago 10, the machine is made impervious to corrosion by the use of brass, bronze, and aluminum in its various parts.

### Quick Engine Timer

Easy, precise timing of almost any American aircraft engine is the primary function of the new Time-Rite developed by Gabb Mfg. Co., 160 Orchard St., East Hartford 8, Conn. A secondary use is the accurate synchronization of dual magneto points through electrical connection to two lights on the instrument.

When the timer is screwed into the spark plug hole, its pivoted arm contacts the top of the piston. Movement of the arm as the engine is turned manually and the piston comes to the top of its stroke slides a pointer to refer





...ce position on the timer head. The  
...ing scale zero is adjusted to that  
...int, then the pointer is set at the de-  
...ed timing mark on the scale. As the  
...ine is turned again, the arm makes  
...ectrical contact with the pointer and  
...ashes a light when the piston reaches  
...e proper timing spot.

### Electronic Microbalancer

Now available for industry, the new electronic Microbalancer developed for precision ordnance work is designed to detect in rotating equipment an unbalance no greater than the weight of a speck of lint. Vibrations caused by imperfect balance are picked up mechanically from the test-bearing supports and converted to fluctuating voltages which indicate the magnitude of the unbalance. Then the position is spotted by photoelectrically controlled strobo-cope which causes the rotating part to appear to stand still with the point of perfect balance holding steady under the pointer and identified by one of a series of numbers on the part. Westinghouse Electric Corp., 2519 Wilkens Ave., Baltimore 3, makes the instrument.

### THINGS TO COME

To become available to industry soon, a new direct-reading electronic micrometer will measure the thickness of soft, compressible materials such as rubber, felt, and paper to an accuracy of 0.00003 in.

- Locomotive fuel costs may be cut to one-third or one-fourth of their present level by a coal-burning gas turbine now in the advanced stages of development. The coal for the turbine is pulverized to the consistency of talcum powder by an atomizer which applies air pressure to the particles and releases it suddenly, much in the way cereals are puffed.

- Now about ready to go onto the production line, a new type of soda fountain in which the cooling is done without coils will have considerably enlarged storage space for ice cream and soft drinks. More effective carbonation is another anticipated attribute.

- In the postreconversion parade of new things for the home will be an electric range with a built-in fan that warms the kitchen in winter and cools it in summer.

# Are you taking advantage of NORBIDE\*?

(THE HARDEST MATERIAL MADE BY MAN)

**PRODUCED** in electric furnaces at 5000° F,

Norton Boron Carbide (trade-marked NORBIDE) is the hardest material made by man for commercial use. Available both as an abrasive and in molded shapes, its unique properties are providing many engineering departments with the solution to some very tricky problems.

**NORBIDE Gages** outwear conventional types of measuring devices hundreds, even thousands, of times, will not scratch, pick up lint nor become charged with particles of metal.

**NORBIDE Nozzles** for pressure blasting outlast steel nozzles thousands of times; are guaranteed 750 hours with silica sand and 1500 hours with steel shot.

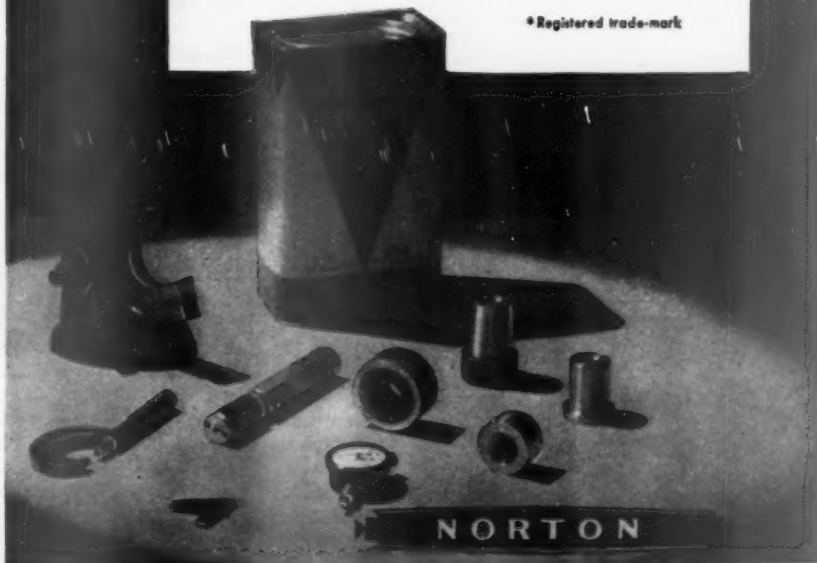
**NORBIDE Abrasive** because of its extreme hardness, is used for many lapping operations heretofore possible only with very expensive diamond dust.

**NORBIDE Metallurgical Compound** is an economical source of boron for use as an easily available alloying element.

A new catalog gives full data on NORBIDE—its chemical and physical properties and uses. Send for it today and see how NORBIDE products can help you.

**NORTON COMPANY, Worcester 6, Mass.**

\*Registered trade-mark



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THE COUNTRY'S  
LEADING AIRLINES HAVE  
GROUP INSURANCE  
WITH

CONNECTICUT GENERAL



... an air-minded insurance company bringing the advantage of many years' experience in meeting such insurance needs.

For progressive handling of your Group Insurance through a progressive company, consult:

THE PROTECTED  
PAY ENVELOPE

CONNECTICUT  
GENERAL

LIFE INSURANCE COMPANY

HARTFORD, CONNECTICUT

## FINANCE (THE MARKETS—PAGE 106)

### Birched by SEC

Van Alstyne firm waives a hearing, is punished. Street still wishes that new-issue facts of life could be aired.

The Mar. 1 appearance of Van Alstyne, Noel & Co. on the Securities & Exchange Commission's carpet proved disappointing to those who had looked for an airing of beliefs that SEC's restraints on new security offerings are too impracticable.

Many had hoped that SEC's charges that certain acts of Van Alstyne, Noel in connection with the contemplated Higgins, Inc., financing (BW—Feb. 23 '46, p. 58) constituted a "willful violation of . . . the Securities Act of 1933" would be countered with some pretty effective argument.

• **Hearing Is Waived**—Instead, at the last minute, the Van Alstyne firm decided not to contest the proceeding, to waive its right to a hearing, and to consent "to the determination by the commission in its discretion of the questions involved." However, though the house admitted all SEC's "material allegations," it added that it did this "solely for the purpose of the proceeding," and that there had been no purpose or intention of violating the law.

SEC, on its part, basing its findings on "admitted facts," declared that there had been a "sale" of the new Higgins stock prior to the effectiveness of its registration statement, that Van Alstyne, Noel "was entirely aware of all that it was doing," and "therefore acted willfully."

• **Mitigating Facts**—The commission, however, also noted that the house had withdrawn from the proposed underwriting, "thereby foregoing a substantial profit," that no Higgins securities will be publicly offered until the registration statement becomes effective, and that the proceeding was the first of its kind ever instituted against the New York underwriter.

SEC's verdict, as a result, was not a harsh one. It found no reason for revoking the firm's broker-dealer registration. Nor did it expel Van Alstyne from membership in the National Assn. of Securities Dealers, Inc., the over-the-counter dealers' and underwriters' self-governing trade group.

• **Ten-Day Suspension**—Instead, the house was suspended from the N.A.S.D. for ten days beginning Mar. 15. This will bar it during that time from any

underwriting deals, commitments, conversations concerning deals with other N.A.S.D. members. Also, in the period, it may not benefit from better dealer concessions or may it have dealings with clients pertaining to the underwriting business.

It will not, however, be barred from transacting business for customers on the New York Stock Exchange, which it is a member. Also, it has SEC permission to assist Higgins, Inc., in finding a new principal underwriter. The latter's financing provided it did not profit from or participate in any further moves in that direction.

• **Will Cost Money**—Obviously, what has occurred is going to cost the house a substantial bit of income. In the Higgins' deal alone, for instance, it was to have received 90¢ per share on 100,000 shares it intended to distribute to its own customers direct and 20¢ each on the remaining 800,000 shares included in the offering. Also, it would have had the right to buy for 10¢ each 100,000 warrants permitting the purchase of



### TOP OF THE LADDER

From track laborer to president in 30 years—that's the story of 49-year-old W. S. Hackworth, new pilot of the Nashville, Chattanooga & St. Louis Railway. It's one of the country's very old roads and an important link in a popular Chicago-Florida route. With the N. C. & St. L. since 1911, Hackworth, a native of Tennessee, has served in the operating, engineering and real estate departments. Since 1939, he had been assistant to the road's late president, Fitzgerald Ha-

# Here's a Business Proposition

## FOR THE RIGHT MANUFACTURER

Qualified American manufacturers, the opportunity is now offered to establish a business in Puerto Rico, U. S. A., under conditions exceptionally favorable to sound and rapid growth.

A new plant will be built to your own specifications, on a site of your own choice, then leased to you for as little as 1% of cost.

You will have an ample supply of intelligent, cooperative labor.

You will be close to rich sources of necessary raw materials.

You will be centrally situated to sell all markets in the Western Hemisphere, both in North and South America, with direct steamer service to principal U. S. ports.

Your home market will be one with the largest per capita purchasing power in the Caribbean.

You will enjoy favorable tax arrangements, and have access to convenient financing, both through local banks and through Puerto Rico offices of leading New York banking firms.

You will be doing business on United States soil, and with United States currency, without any tariffs either way.

### Why Is This Offer Being Made?

These are only a few aspects of the unique opportunity which is described fully in a new, factual report for businessmen, entitled "Industrial Opportunities in Puerto Rico, U. S. A." It will be sent to responsible executives upon request.

The offer is made by the Puerto Rico Development Company—a public corporation created to assist American businessmen, continental and Puerto Rican, to share profitably in the industrial development of a territory of the United States—Puerto Rico, U. S. A.



**DID YOU KNOW...** That Puerto Rico is almost equi-distant from North and South America? Is only about 10½ hours by air to New York? Has a naturally "air-conditioned" climate? Offers liberal inducements to new private industries, including Government help? For basic business facts about Puerto Rico, U. S. A., get new book—free to executives.

### A Book of Business Facts

This book is a careful analysis, prepared by the Puerto Rico Development Company to help you plan for your future. It answers concisely the questions you would naturally ask in evaluating a new business proposition. For example:

- ★ What types of skilled manpower are available?
- ★ What wages do Puerto Ricans earn?
- ★ How much will it cost to operate a plant in Puerto Rico?

- ★ Where can I get raw material?
- ★ How can I get financial help?
- ★ How can I estimate the market possibilities?
- ★ Will I enjoy living in Puerto Rico? These questions and dozens of others are discussed in this new book. The answers to these questions will help you decide whether yours is the right type of concern to profit from the advantages offered by Puerto Rico. The coupon below brings you this booklet without cost or obligation of any kind.



### PUERTO RICO DEVELOPMENT COMPANY San Juan 12, Puerto Rico, U. S. A.

Puerto Rico Development Company  
San Juan 12, Puerto Rico, U. S. A., Dept. 3B

Please send me your 48-page illustrated brochure, *Industrial Opportunities in Puerto Rico, U. S. A.*, which shows the exceptional advantages Puerto Rico offers to American manufacturers; its ample supply of labor; its accessibility to markets and materials; and its complete familiarity with the ways and manners of both Americas.

Name: \_\_\_\_\_

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# HYSTER INDUSTRIAL TRUCKS

## DO MORE WORK...

YOUR BUSINESS can cut handling costs and increase net profits when a Hyster industrial truck lifts, transports and stacks materials.

This mechanical expediter on wheels does an amazing amount of work—*saves time and money*—releases manpower for more productive jobs in factory, field or warehouse.

Hyster models range in capacity from 2000 lbs. to 30,000 lbs. All models are *pneumatic tired*, gasoline powered, engineered and built for fast, efficient, enduring service. Illustrated literature sent gladly... Distributor sales and service in principal cities.

## HYSTER COMPANY

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Hyster "20"  
2000 lb. capacity.  
Pneumatic tires.



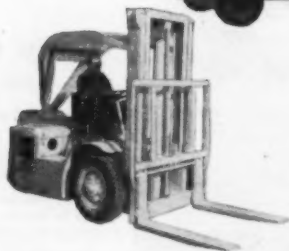
Hyster "40"  
4000 lb. capacity.  
Pneumatic tires.



Hyster Karry Crane  
10,000 lb. capacity.  
Pneumatic tires.  
Mobile crane truck;  
adjustable boom.



Hyster Straddle Truck "M" 12,000 lb. capacity. Model "MH" (not shown) has 30,000 lb. capacity. Pneumatic tires.



Hyster "75" 7500 lb. capacity.  
Hyster "150" (not shown) has 15,000 lb. capacity. Pneumatic tires.

WORLD'S LARGEST MANUFACTURER OF PNEUMATIC TIRE LIFT TRUCKS AND STRADDLE TRUCKS

1951 of an equal number of additional shares at \$11, the price of the original offering.

Besides this \$250,000 out-of-pocket cash loss, and the benefits that may have accrued because of the waiver of the ten-day suspension from dealing with N.A.S.D. members will likely cost the house of Van Alstyne, No. 1 pretty penny. Nevertheless, the punishment was less severe than had been expected in some quarters, which looked for a stiffer penalty to be imposed "as an example."

• **Must Wait**—Otherwise, however, Street saw nothing in the decision to crow over. Particularly noticed in the remarks in SEC's findings was "while underwriting agreements may be entered into [between issuer and underwriting groups] prior to the filing of the registration statement," any actual organization of the selling group and the distribution of the security dealers under the law must be delayed until the registration of the new issue becomes effective.

Similarly taken to heart were the commission's comments indicating that "there may well be a point at which so-called underwriting groups become so large in relation to the size of the proposed offering and other relevant circumstances as to become in real selling groups."

In the Higgins case, for example, the underwriting group was comprised of 75 houses, though only \$9,900,000 stock was to be offered, and there was more than a hint here that too large an underwriting group hereafter, under similar conditions, might well be considered by the commission as an effort to evade the spirit of the law.

• **Interpretation**—According to SEC, Congress had good reason for making it unlawful for any would-be purchaser to offer to buy any portion of a new offering before its effective date. "Otherwise," the commission reports, "the underwriter could accept offers in order of priority and thus bring pressure on dealers... to rush their orders to him without adequate consideration of the nature of the security being offered. This in turn, of course, could conceivably result in dealers' putting pressure on customers to buy the new shares they have committed themselves to buy."

Wall Street doesn't disagree with this in theory, but says it doesn't reflect the current scene. It's not the underwriters who are putting pressure on the dealer today, according to the Street. It's the public. And the dissenters argue that the unworkable SEC regulations, in effect, are causing the public "to rush their orders to buy without adequate consideration of the nature of the security being offered."

• **So Little Time**—There is a basis, at least for this claim in the fact that the public



## *Permanent Financing for Higher Sales Volume and Increased Unit Costs*

The gross sales of many corporations will soon be *double* those of pre-war years. And yet, permanent capital has not been appreciably increased. The fundamental problems inherent in this situation may become more apparent with the passing of time.

Higher costs of production, increased inventory positions due to rise in the costs of materials and the introduction of new products, plus the expense involved in servicing additional sales outlets all highlight the importance of an adequate capital position.

Tomorrow must be provided for money-wise as well as product-wise. A discussion of your future capital requirements with our partners involves no obligation and could prove timely.

# KIDDER, PEABODY & CO.

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*Members of the New York Stock and New York Curb Exchanges*

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**Brokerage  
and  
Underwriting  
Service  
for  
Industrial  
America**



**PAINE, WEBBER, JACKSON & CURTIS**

ESTABLISHED 1879

*Members New York Stock Exchange and Other Principal Stock and Commodity Exchanges*

NEW YORK BOSTON CHICAGO DETROIT CLEVELAND PHILADELPHIA MILWAUKEE  
MINNEAPOLIS AKRON CONCORD DULUTH ELMIRA GRAND RAPIDS HARTFORD  
LYNN PROVIDENCE SPRINGFIELD ST. PAUL WORCESTER

*This announcement is neither an offer to sell nor a solicitation of any offer to buy securities. The offerings are made only by the Prospectus.*

**Merck & Co., Inc.**

**120,000 Shares \$3.50 Cumulative Preferred Stock**  
(Without Par Value)

Holders of the Company's outstanding  $4\frac{1}{2}\%$  and  $5\frac{1}{4}\%$  Cumulative Preferred Stock are being offered the opportunity (subject to certain limitations and conditions) of exchanging such stock for \$3.50 Cumulative Preferred Stock.

**Price \$102 Per Share**

plus accrued dividends in the case of shares delivered after their date of issue

**118,000 Shares Common Stock**  
(Par Value \$1 Per Share)

Of these shares 100,000 are of new issue and 18,000 are issued and outstanding stock.

**Price \$50 Per Share**

*A copy of the Prospectus may be obtained within any State from such of the Underwriters as may regularly distribute the Prospectus within such State.*

**Goldman, Sachs & Co.      Lehman Brothers**

March 4, 1946.

spectus containing the information mandated by SEC of the issuer to protect the public is first made available to the public when the new offering is actually released for public sale. Even if a prospective purchaser wanted to digest it before coming to a decision (which he of today's crop of new stock purchasers would probably want to do), he would find the subscription books closed, in most cases, before he had made up his mind.

Last week's offering of 300,000 shares of Regal Shoe Co. stock at a price of \$11 provides a good example. An absolute stranger to the market (BW—Jan. 19, 1946, p. 60), this issue was oversubscribed before anyone could possibly have taken the time to scan more than a few pages of the prospectus. And before the day was over, according to reports, the shares had sold at \$11 in the over-the-counter market.

• **The Other Side**—Wall Street would like to see the other side of the picture as well as the peccadillos of some of its members, presented to the public by the SEC. It knows that when the new issue boom is over, there will be losses, and it doesn't want the public primed to blame all its troubles on Wall Street. As the Street sees it, SEC is now assiduously trying to implant just such an attitude of mind.

**New Check Code**

Revised system of marking

Federal Reserve districts and other information is designed to speed collection, cut errors.

Few persons who write checks even have known why a printed fractional figure follows the bank's name on a check. The hyphenated upper figure (numerator) is code that identifies the bank and its location; the lower one- or two-digit numeral (denominator) tells in which of the twelve Federal Reserve districts the bank lies.

Now observant depositors are finding that the figures are changed on their new checks, if provided by their banks, or, check printers are requesting assent to similar changes.

• **Speeds Sorting**—In the new form, the fraction has moved to the upper right-hand corner. The numerator remains as before, but the denominator has spread to three or four digits.

Behind the change is a concerted move by U. S. banks to reduce errors and speed up the sorting of out-of-town checks for collection.

Problem: There are 26 states which include parts of two or more Federal Reserve districts, and many banks in these districts have one to four branches



# Servicing "Headache" or Sales Builder?



## SIMPLIFY YOUR DESIGN JOB AND ADD SALES ADVANTAGE WITH JENKINS VALVES

**PROFIT** by Jenkins Engineers' long experience in recommending valves for all types of apparatus.

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**SAVE TIME** by selection from the complete line of over 600 valves listed in the Jenkins Catalog.

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**GAIN** the prestige built by Jenkins industry-wide advertising to 787,000 readers.

★

**ENLIST** the customer-confidence in Jenkins famous Diamond Trade Mark.

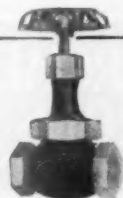
**THE VALVES** you specify for any appliance or equipment involving fluid control can be either a built-in servicing "headache", or a sales builder. You may save a few cents to begin with by choosing second-rate valves, but the cost of excessive service calls resulting from valve failure soon makes the "saving" look pretty sad. And the grief caused your customer by faulty valves soon sours him on your products.

**TO KEEP SERVICING EXPENSE DOWN**, hundreds of America's best known valve-using apparatus manufac-

turers specify Jenkins Valves. They know that an 80-year reputation for quality makes Jenkins Valves a sales feature to begin with, and a builder of good-will that counts heavily when the customer is in the market for additional equipment.

**JENKINS ENGINEERS** are ready to work with you on any problem of selection and application. Give your product and its purchasers, the extra value of Jenkins Valves!

Jenkins Bros., 80 White Street, New York 13; Bridgeport, Conn.; Atlanta, Boston, Philadelphia, Chicago, San Francisco. Jenkins Bros., Ltd., Montreal, London.



LOOK FOR THIS



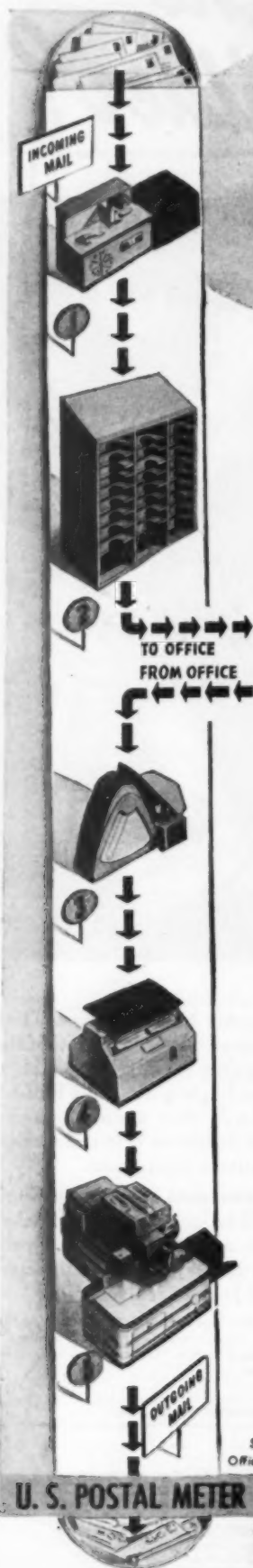
DIAMOND MARK

SINCE 1864

## JENKINS VALVES

For every Industrial, Engineering, Marine, Plumbing-Heating Service . . . In Bronze, Iron, Cast Steel and Corrosion-Resisting Alloys . . . 125 to 600 lbs. pressure.

Sold Through Reliable Industrial Distributors Everywhere



# YOUR MAILROOM *needs* A PRODUCTION LINE *too!*

**U**NDER today's competitive conditions, smooth, continuous flow of mail to and from your office is essential. Commercial Controls, through its planning service and USPM mailroom equipment, can put your mailroom on a production-line basis—eliminating waste — speeding up every mailing operation.

Use of USPM Mailroom Systems and Machines is important. Equally important is scientific planning of the mailroom itself so that all mail is handled quickly and smoothly.

Every USPM specialist is trained to solve mailroom problems—to provide *complete* mailroom service. If you want more production in *your* mailroom, the one nearest you will gladly give you the benefit of his long and varied experience.

## HERE ARE THE BASIC USPM UNITS YOU NEED:

**1 LETTER OPENER**—opens up to 400 letters per minute. Gives thin, uniform trim. Is motor-driven.

**2 SORTING RACKS AND TABLES**—essential for fast and easy distribution of incoming mail.

**3 LETTER SCALE**—computes exact postage instantly and accurately. Two capacities: 20 ounces and 3 pounds.

**4 PARCEL POST SCALE**—automatically weighs and indicates exact postage on any package up to 70 pounds to any domestic zone.

**5 METERED MAIL MACHINE**—imprints postage, postmarks, seals, counts and stacks in one automatic operation. Prints on tape for parcel post.

**SEND FOR LITERATURE.** If you would like more complete information concerning USPM mailroom systems, machines and service, simply write Dept. BW-36.

Metered Mail Systems . . . Letter and Parcel Post Scales . . . Letter Openers . . . Envelope Sealers . . . Multipost Stamp Affixers . . . Mailroom Equipment . . . Endorsegraphs . . . Ticketograph Systems . . . All units now in production.

Sales and Service  
Offices in Principal Cities

**U. S. POSTAL METER DIVISION**

Rochester 2,  
New York

**COMMERCIAL  
CONTROLS  
CORPORATION**

hence a numerical code permits clearing of less experience to sort accurately and rapidly.

• **How Code Works**—Previously, for example, a check on an Ann Arbor (Mich.) bank might be sorted and shipped to the Chicago Federal Reserve, thence require rehandling and forwarding to the Detroit branch office.

The new system gives the district number (1 to 12) in the first one or two digits of the denominator. The next digit indicates whether the check is to be cleared through the Federal Reserve bank's main office (1) or a branch (2 to 5). A zero as the last digit denotes immediate availability of funds through the Federal's main office. If delayed availability prevails, the last digit (1-9) means the state-numbered according to its alphabetical order within the reserve district.

Thus, 110 means First Federal Reserve District (Boston), main office, immediate availability; 1233 indicates Twelfth Federal Reserve District (San Francisco), Portland office, deferred credit, and the state of Washington.

## Big Lynch Reports

Wall Street house details diversified, far-flung activities that sent gross income to new peak of \$28,092,000 in 1945.

When a Wall Street house can report handling 1,188,400 security transactions for clients in one year, plus 204,661 additional trades covering more than a billion bushels of grain, seven million bales of cotton, and 25 million pounds of milk and cocoa products, sugar, pepper, meat, rice, wool, and sirups, it's plain that corporate "bigness" isn't something found exclusively in commercial banking, insurance, industrial, utility, and railroad circles.

• **And More**—Such transactions, however, comprised but part of the record-breaking activity reported last year by Merrill Lynch, Pierce, Fenner & Beane, the world's largest security and commodity brokerage house, which can boast of roots extending as far back as 1820.

The house's underwritings, for example, added up to more than \$89 million. It was also instrumental in the private placement of about \$139 million of issues, and was an active participant in 359 different security offerings.

Gross income in 1945, as a result, zoomed up to \$28,092,000 from \$18,662,000 in 1944, thus setting a new peak for New York Stock Exchange member firms to shoot at. Net income, after operating expenses, partners' salaries, and 6% interest on capital, rose

\$8,834,000, almost double the 1944

**What Partners Got**—However, "final" earnings of the firm weren't that large. The 1945 charitable and educational contributions amounted to \$1,045,000. Federal and state income taxes of its individual partners, it is estimated, added up to \$6,500,000. Thus, net accruing to profit-sharing partners came around \$1,290,000 as against 1944's \$22,000 after-tax earnings.

At the 1945 year end, the house of Merrill Lynch et al. (better known to neighbors as "We, the People" because of its 85 general and special partners, 567 employees, 88 offices, and memberships on 38 different exchanges) was employing \$12,500,000 of capital funds in the business, compared with \$10,500,000 in 1944 and some \$4 million back in 1940. Also of a "capital" nature were an additional \$1,000,000 of "subordinated capital notes" and \$664,000 of reserves.

**Assets and Liabilities**—Total assets amounted to over \$172 million, some \$32 million more than the year before, and clients' free credit balances accounted for over \$71 million of liabilities. Debit balances (customer borrowings) were over \$113 million in 1945, and securities valued at about \$666 million were recently being held by the firm for customers.

Following Wall Street's usual practice of sharing profits with workers in prosperous years, a cash bonus of \$1,566,000 was given employees at the year end. However, the firm went a little farther in this respect than most others in the Street.

An employees' profit-sharing fund was

inaugurated last year. A deposit of \$942,000 started the ball rolling, and the house is prepared to deposit 8% to 12% of future yearly profits. The fund is to be held by a trust company but administered by a seven-member committee, only one of which can be a member of the Merrill Lynch firm.

## Alleghany Shift?

Young-Kirby acquisition of interests in Central States may signify wider range for group's investment activities.

Robert R. Young and Allan P. Kirby, possibly tired of the railroad business and wishing to diversify their interests, may be laying plans to change their Alleghany Corp. (BW—Nov. 17'45, p. 75), which has long controlled the Chesapeake & Ohio rail family, into a "full-fledged" investment trust. At least this was Wall Street's immediate reaction to last week's news that Young, Kirby, and others of the so-called "Young group" had purchased a large portion of the Harrison Williams control of Central States Electric Corp.

• **Million-Share Purchase**—Despite the fact that Central States Electric, a prominent investment trust in its day, has long been awaiting reorganization, the Young-Kirby group (which also includes Otis & Co.'s Cyrus S. Eaton and William R. Dailey and Alleghany Corp.'s Pittston Co. subsidiary) is understood to have paid Williams between \$4 million and \$5 million for



## FOUR FACTORS AND THE FUTURE

Four factors promise to be extremely influential in the American economic scene throughout the immediate future. They are:

- (1) *The tremendous backlog of deferred demand for the goods of peace.*
- (2) *The unequalled reservoir of buying power.*
- (3) *The flood of new products and new services.*
- (4) *The growing number of new individual investors.*

These will be uppermost in the minds of policy-making executives for a long time to come, and many corporations will need the services of competent financial counsel.

Hornblower & Weeks, as a firm, has been prominent for more than half a century in the financing of various American enterprises—some of them great in stature—all important to our economic system.

As you consider your needs and opportunities, remember that, at all times, Hornblower & Weeks can help you.

A Partner in our nearest office is at hand for free and confidential discussion of your position.

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## CHIROPRACTORS

OF MONROE COUNTY

### Announce

The Following Fee Schedule:

### Effective Feb. 1, 1946

OFFICE CALLS .....\$1.50  
HOUSE CALLS, Day .....\$2.00  
(within city limits)

DR. H. M. PARROTT DR. R. M. PARROTT  
DR. J. B. JUDGE

## EFFECTIVE

### FEBRUARY 1, 1946

The following fee schedule has been adopted by the Physicians of Monroe County:

Day House Visits within City Limits, \$3.00.

Night House Visits within City Limits, after 9 P. M., \$4.00.

Visits back to Office after Office Hours, \$3.00 for Day Calls and \$4.00 for Night Calls.

Country Visits, \$3.00, plus 50c a Mile One Way. After 9 P. M., \$4.00 for Visit, plus 50c a Mile One Way.

DR. E. J. RICHTER, President  
DR. T. A. MORAN, Secretary  
DR. W. S. CHESTER  
DR. G. A. JENKINS  
DR. J. P. STAFFORD

DR. T. E. GUTCH  
DR. BURKE POWELL  
DR. C. N. HYATT  
DR. C. C. FOWLER

day, night, city, and country, the physicians ran displays (right) in the Albion Union-Republican. Not to be outdone, so did the chiropractors (left). The American Medical Assn. is watching with definite interest.

## PRICE FIXING

Schedules of surgical fee brackets are commonly adopted by local medical societies for distribution among their members, but Monroe County (Iowa) physicians are more obvious about their rates; they advertise. Adopting a scale of fees for calls, classified by



# COSTS GO UP *when* THESE GO OUT

AO SAFETY GOGGLES SAFEGUARD THE EYES OF INDUSTRY

**EYES** are *expensive* targets, for a single eye injury can cost more than \$1000 in compensation and medical care.

Perhaps your plant has never had to pay a four-figure claim. Yet — unless you have an adequate eye protection program — so-called minor eye accidents are probably adding materially to your costs. (It is estimated by the Society for the Prevention of Blindness that eye injury costs average \$5.00 per shop worker per year.)

*Ninety-eight per cent of eye accidents are preventable* — by providing your workers with properly designed safety goggles — at a cost of only about \$1.50 per worker. Why not let your nearest AO Safety Representative help you work out the details for a real eye protection program *now*?

## American Optical

COMPANY  
SOUTHBRIDGE, MASSACHUSETTS  
*Safety Division*

1,000,000 shares of that company's common stock.

Options have also been obtained for the purchase of additional shares from Williams' holdings, rumored recently to account for about 51% of the 10,105,000 shares of Central States Electric common outstanding. If these are exercised, the group's total investment in the latter may eventually run as high as \$10 million.

• **Central States' Holdings**—At last report, investment holdings of Central States Electric Corp. were largely confined to securities of two other investment trusts—American Cities Power & Light Corp. and Blue Ridge Corp. The two holdings, representing control of those organizations, account for about 90% of the company's assets, but other substantial investments are its holdings in a third investment trust, General Shareholdings, and in the common stock of the North American Co.

Central States Electric's depression troubles, severe enough to send its two bond issues to a price of around 13% of par only three years ago, finally resulted in a voluntary petition by the company in 1942 asking for reorganization.

• **Upswing in Values**—Since then, however, the general rise in the market has sent the value of its security holdings kiting and the Young-Kirby-Otis group is said to believe that it is currently in a position to reorganize the company and breathe new life into the organization.

The first move probably would be to retire the company's \$18,037,000 of funded debt on which accrued interest now amounts to almost \$3,000,000. This should not prove a very difficult job, reports Wall Street, since asset-value of these debentures recently had climbed to around \$2,000 per \$1,000 bond.

## BOMB RISK IS TOO GREAT

An index of the menace of the atomic bomb is provided by the announcement of the Sun Life Assurance Society of England that it intends to insert a clause in all future life insurance policies it issues voiding death claims in the event that the insured is killed by the explosion of an atomic bomb.

The company estimated that one such bomb falling on London would bring it death claims of \$3,000,000. Policies already in force will not, of course, be affected by the new bomb clause.

Other life insurance companies, it was reported, intend to include similar escape clauses in future policies. In general, the clauses follow the precedent by which, at times in the past, coverage has been suspended if the insured engaged in aeronautics or engaged in warfare.



## THE TASK OF INSURANCE

**T**HERE is little difference between the tasks and the opportunities of insurance. Keeping pace with progress is an old story to "the industry that protects other industries." Along with the bright promises of modern science, many new and unlooked for hazards will doubtless develop, but science itself has been a potent tool used by property insurance underwriters and the various agencies of public safety.

It seems to me that the accomplishments of American idealism are very closely related to the accomplishments of American business. If that is so there is little to fear in the future if we maintain the same qualities to which our organization was dedicated ninety-three years ago. Any improvements in operating methods which may be required for the good of public service should be welcomed. Providing financial protection to meet the exact requirements of the insuring public must remain foremost in our endeavors.

People of the fire insurance business and of our own organization can look with pride upon the achievements of 1945, the Year of Victory. In common with every American citizen and every American business they were a part of the solid home front behind our victorious fighting men.

This report on the affairs of the company reflects the progress made in a year of national transition from war to peace.

*James J. Smith*  
President

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### STATEMENT

December 31, 1945

#### ADMITTED ASSETS

Cash in Office, Banks and Trust Companies . . . . .	\$ 21,252,662.44
United States Government Bonds . . . . .	43,311,100.25
All Other Bonds and Stocks . . . . .	93,759,025.46
First Mortgage Loans . . . . .	180,533.95
Real Estate . . . . .	3,464,339.81
Agents Balances, less than 90 days due Reinsurance . . . . .	8,480,590.41
Recoverable on Paid Losses . . . . .	1,567,724.71
Other Admitted Assets . . . . .	187,624.54
<b>Total Admitted Assets . . . . .</b>	<b>\$172,203,601.57</b>

#### LIABILITIES

Reserve for Unearned Premiums . . . . .	\$ 62,085,749.00
Reserve for Losses . . . . .	17,528,837.00
Reserve for Taxes . . . . .	4,299,218.20
Liabilities under Contracts with War Ship Adm. . . . .	2,719,717.62
Reserve for Miscellaneous Accounts . . . . .	435,448.61
Funds Held Under Reinsurance Treaties . . . . .	67,772.83
<b>Total Liabilities Except Capital \$ 87,136,742.26</b>	
General Voluntary Reserve . . . . .	\$10,066,859.31
Capital . . . . .	15,000,000.00
Surplus . . . . .	60,000,000.00
<b>Surplus as Regards Policyholders \$85,066,859.31</b>	
<b>Total . . . . .</b>	<b>\$172,203,601.57</b>

Note: Bonds carried at \$4,414,678.58 amortized value and cash \$50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Surplus adjusted to reflect Canadian Assets and Liabilities on United States Dollar basis.

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THE HOME, THROUGH ITS AGENTS AND BROKERS, IS AMERICA'S LEADING INSURANCE PROTECTOR OF AMERICAN HOMES AND THE HOMES OF AMERICAN INDUSTRY

# THE PRESIDENT'S WAGE-PRICE POLICY WON'T WORK

The American public had every right to expect that the long-awaited wage and price policy would break the impasse blocking the way to the swift and orderly reconversion of industry from war to peace.

The policy announced offers little promise of such solution, and this may well constitute a national calamity.

There is only one thoroughly constructive feature of the Presidential Statement of February 14 and its implementing Executive Order. It is the first Government pronouncement since the defeat of Japan to clearly define inflation as the major danger confronting us in the period immediately ahead.

That is a correct appraisal, and one long overdue. Up to now Government spokesmen, almost invariably, have sought to carry water on both shoulders. The Administration has justified its policy of promoting wage increases as a measure necessary to forestall deflation—to keep purchasing power from falling and forcing the economy into a violent tailspin. The strict holding-of-the-line on price ceilings has been defended as necessary to prevent runaway inflation. Unfortunately, while the President now exhorts all to enlist in a crusade against inflation with a voice that is clearly Jacob's, his program for dealing with it still employs the hairy hands of Esau to promote the very danger which he is urging everyone else to combat.

The "new" policy provides for a continuation of the wage increases that have been pressured through by Government mediators, "fact-finding" boards, and direct seizures until they have been made general throughout industry upon the dimension established in recent patterns. It offers industry the single concession of prompt hearings and decisions upon claims for price advances, but the yardsticks for judging such claims are exactly those which OPA has applied in the past. Since the past procedure has led us into our present difficulties, it is hard to see how it will serve now to lead us out of them.

## Past Government Policy Fostered Dissension

At the war's end, it was obvious to everyone that what was needed was the swiftest possible reconversion of industry. It should have been equally apparent that we were faced with the difficult problem of controlling tremendous inflationary pressures which would be particularly insistent until peacetime production could be mobilized at high volume. This was made almost inevitable by the huge backlog of accumulated demand, for both capital and consumer goods, and by the unprecedented volume of liquid funds at the disposal of individuals of all classes. The only circumstance that could have modified the inflationary complexion of the postwar picture was the possibility of such wholesale and prolonged dislocation and unemployment in the process of readjustment that people would have been frightened into freezing onto their savings instead of spending them.

It soon was apparent that just the opposite was taking

place. The early transition was extraordinarily swift, unemployment was lower than anyone had dared hope, and civilian spending outstripped all previous records. The circumstances called for strong anti-inflationary fiscal measures, along with a firm maintenance of price and wage controls alike.

Instead of adopting such a balanced program, the Government immediately discarded all wage controls, and in addition started an active campaign for promoting large wage increases. The President, upon a number of occasions stated flatly that American industry generally could and should grant substantial pay advances without any compensating price rises. His Office of War Mobilization and Reconversion estimated that average increases were practicable to the extent of 24 per cent. Given such Governmental encouragement, it was inevitable that labor leaders should do exactly what they did—file extravagant wage demands at the beginning of the reconversion process, when accurate appraisal of production schedules and costs were least susceptible of calculation, and when the shortage of civilian goods multiplied the inflationary effect of any increase in purchasing power.

At the same time, the OPA was fighting to hold the price line in a good cause, but with singularly inept procedure. It acted, seemingly, upon the premise that it was always better to give less price relief than was needed rather than enough, that relief provided under its formula was preferably to be granted later rather than on time, and that the interests of lower-bracket income receivers should be protected by a particularly tough resistance to raising prices of cheaper goods. The latter procedure seems to have been arranged by virtually driving many of the lower-priced lines off the market.

The sum of these wage-price procedures resulted in world stoppages of epidemic scope. Many business concerns faced with the prospect of immediately unprofitable operation, uncertain that new wage demands would not be made with Government support as soon as volume production was established, and without assurance as to when price controls would end, refused to assume inevitable losses even when confronted with combined union and Government pressure. The fight was on.

## "New" Policy Differs Little From Old

With inflation now clearly recognized as the immediate danger, it might have been expected that the new wage policy would reverse the former practise of lending active encouragement to new wage advances. But that would have brought down upon the Administration the wrath of all organized workers who had not yet been granted increases already bargained through by other groups. This was avoided by directing the National Wage Stabilization Board in effect to approve any wage increases necessary to give general advances comparable to those already made. The only brake applied on the wage side lies in a directive to the Board not



to approve, as a basis for price relief, wage advances that go beyond the established pattern.

On the price side, the new directives to the OPA entail no important departure from its past procedures. Even the concession to review "hardship" cases promptly rather than after six months is only a pious hope, since it is unlikely that OPA is equipped to deal rapidly with the thousands of cases that will arise. A hardship case is defined as one in which, after absorbing an approved wage advance, an industry or establishment in a twelve months' period of normal-rate operation is judged by the Price Administrator likely to operate at a rate of profits to net worth less than it averaged in the base period of 1936-1939.

Let us see what this really means. In the first place, the rate of manufacturing profits in the base period was only moderate. But since the average net worth of manufacturing corporations has increased one-third over what it was in the base period, the application of the OPA formula, assuming that its Administrator correctly appraises the twelve-month outlook, seems to provide for absolute profits one-third higher than the 1936-1939 average.

The OPA formula, however, applies to profits *before* taxes. What really matters to stockholders is profits *after* taxes. Corporation taxes have been increased from an average of 17 per cent in the base period to 38 per cent now. This means that the price adjustments granted by OPA on average will yield profits *after* taxes no larger in dollar terms than in the 1936-1939 period, although 1946 manufacturing sales are expected to be more than twice as high. Under this procedure the *ratio* to net worth of profits *after* taxes will be one-fourth lower than the 1936-39 average. This clearly undermines the incentives upon which production at high level depends.

The workers get wage increases which promote inflation. The Government, bailed out from its previous mistakes, gets political credit for raising wages. And the entire bill is handed to American industry for payment.

### But the Danger of Inflation is Real

Under these circumstances, there is a growing demand on the part of business groups that price controls be rescinded immediately. It is argued that, once the restrictive influence of price controls is relaxed, capacity production will supply sufficient goods to prevent undue price inflation.

It is understandable that business should wish to be rid of Government controls which have operated in such a thoroughly inconsistent and damaging fashion. Unfortunately, there is ground for believing that more harm might result from this cure than from the disease.

There is nothing in our situation that could bring on the kind of inflation that has been experienced by certain countries of Europe and Asia—in which the value of currency deteriorates until it takes a cartload to buy a pair of shoes. But our situation now is definitely more threatening than it was in 1919, after the first World War. At that time wholesale prices and the cost-of-living skyrocketed almost 25 per cent within twelve months. If we discard all controls now, as we did then, prices might easily go up from 25 to 50 per cent in a year's time.

An inflation of that dimension can do tremendous damage. While it lasts, all those dependent upon fixed incomes are damaged—all bondholders, including those who hold

war bonds, all life insurance and annuity beneficiaries, all pensioners. Generally, the purchasing power of wages and salaries would shrink, with white collar and unorganized production workers hardest hit. Controlled-rate industries, such as railways and other utilities, would be squeezed. General business would suffer least of all—while the boom lasted.

But such soaring booms cannot last. The 1919 boom burst in mid-1920. By summer of 1921 industrial prices had fallen 40 per cent and industrial production was off 35 per cent; farm prices had fallen 50 per cent. This time the boom might soar higher and last longer, but that would merely result in an even more precipitous drop. Business would be hard hit along with everyone else, and high wage rates would mean nothing to the unemployed.

### Controls Must be Consistent and Progressively Relaxed

But if the Nation cannot afford to risk disastrous inflation by immediately abolishing controls, neither can business afford to accept the program which the Administration now proposes.

The wage-price policy will not hold the inflation line so long as the Administration is leading the assault to breach that line on the wage side, as it has done ever since VJ-Day.

The Administration is now going before Congress to ask for a broad extension of its wartime powers for an additional year beyond June, 1946.

Congress must see that this is not granted except upon terms that guarantee the use of such power with a consistency that has been conspicuously absent up to now.

1. It must provide sufficient price relief to yield profits normal to high-level operation.

2. The basis for price relief must be clearly defined and geared to actual costs of operation at the earliest possible date.

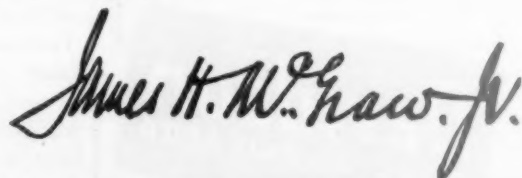
3. OPA administrative procedures must be speeded-up and streamlined, or the delays that characterized past administration will become intolerable.

4. It must see that, once established, the new line is held as long as wartime controls are continued by enforcing restrictions on wages as well as prices.

5. It must set an early date for the termination of all wartime controls and provide for progressive and bold steps for de-control to be taken before that date, as soon as production levels in any field are sufficiently high to restrain runaway prices.

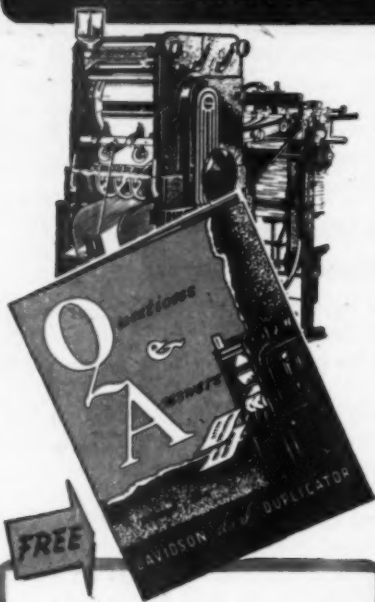
6. It must proceed without delay to marshal fiscal and monetary policies to combat inflation, in order that price controls may be discarded at the earliest possible date.

Unless Congress does this—and it will not be easy in an election year—we are headed for an explosion. It will come in one of two forms—either in a continuance of industrial strife, or in a rocketing inflationary boom that can only end in collapse and depression.



President, McGraw-Hill Publishing Co., Inc.

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# LABOR

## Storm Ahead

**Stabilization chiefs expect Lewis' miners to offer a crucial test of the government's ability to hold new wage-price line.**

Barely accommodated to their new responsibilities under the wage-price program which President Truman hopes will not break the inflation control line (BW—Feb. 23 '46, p15), Willard Wirtz of the National Wage Stabilization Board (page 19), Paul Porter of OPA, and Chester Bowles, chief economic stabilizer, were this week intrenching themselves behind piles of statistics and preparing their public relations positions to meet what they expect may be the most determined assault on the new policy that they will have to face.

● **Formidable Foe**—Across the figurative barricades they see the disciplined ranks of 600,000 coal miners, led by one of the nation's most outspoken foes of wage and price controls, John L. Lewis. Next week, in two important meetings, Lewis will (1) formulate with his United Mine Workers Union policy committee

the broad strategy for securing sizable wage increases in the bituminous industry, and (2) open conferences with the negotiating committee of the coal operators in which he will tell the world what the miners demand in a new contract.

Left to themselves, the union and the operators might be expected to reach an agreement this year, before the old contract expires on March 31, without any interruption of production. But under the governing wage-price policy, any new wage agreement in an industry where no acceptable wage pattern has been established must be approved by NWSB before becoming effective, if employers in that industry are not to be barred from securing price relief (page 19). Consequently, under the Connally-Smith Act, Lewis has filed notice of intent to strike Apr. 1. The strike threat is directed not so much at the operators as at Bowles and his lieutenants, whose uncoerced approval of a wage bargain in coal acceptable to Lewis is not anticipated.

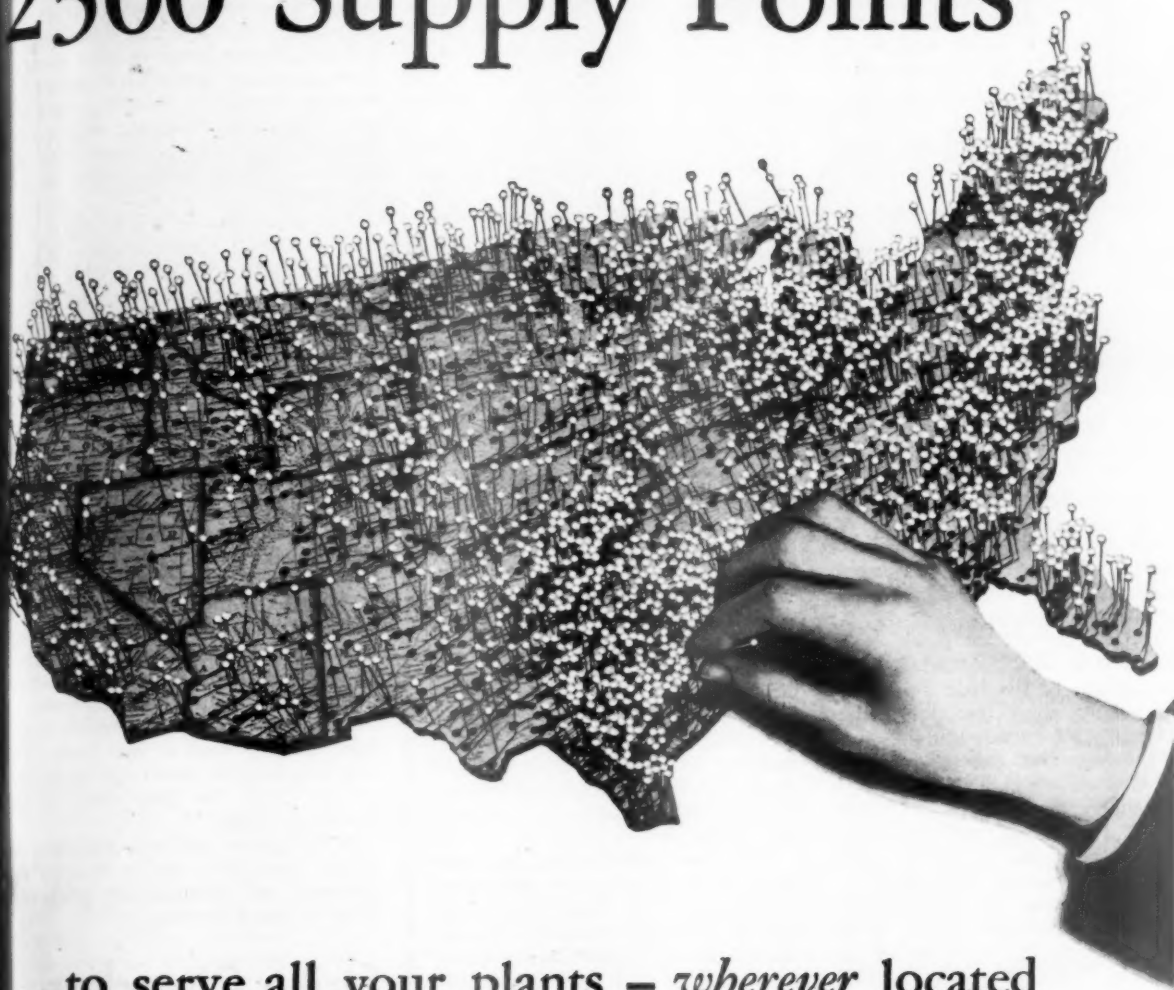
● **Probable Demands**—Lewis' straight wage demand is expected to be for a 20% hourly increase—put in terms of keeping the weekly pay for the present 42-hour week while returning to the



## NEARING THE END OF THE LINE

On Manhattan's Fifth Ave., where double-deck buses are as much a tradition as a means of transportation, appears an interloper—the single-decker. It represents an ace in the hole for the Fifth Avenue Coach Co. in its dispute with the Transport Workers Union, and signifies the eventual doom of the street's big buses. If the arbitrator in the dispute rejects the request for one-man (instead of two) operation of the double-deckers, the company insists that the decision will speed up its plans for using smaller buses solely. Three single-deckers have been delivered, and delivery on 57 others—part of an order placed with General Motors in 1942—has been stymied by the auto strike. The company says the big trams are doomed anyway. They cost too much.

# 2300 Supply Points



... to serve all your plants — *wherever* located

**EVERY PIN** marks a wholesale supply point.

**EVERY POINT** is a convenient source of supply for Texaco fuels and lubricants.

**ONE PURCHASING AGREEMENT** sets up this service for all your plants, *wherever* located ...

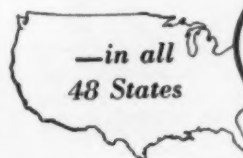
**INSURING** each plant the benefits of product uniformity and so, uniformity of performance and operating economy ...

**PLUS** improved quality of petroleum products as a result of wartime developments and continuous research ...

**PLUS** the services of skilled Texaco Lubrication Engineers — to cooperate in increasing output, reducing costs.

**PHONE** the nearest of the more than 2300 wholesale supply points or write to The Texas Company, *National Sales Division*, 135 East 42nd Street, New York 17, N. Y.

*The Texas Company*





prewar standard 35-hour week. This 20% demand is not too far out of line with the 15%-19% increases NWSB has been approving in other industries.

But the board operates under a policy which prevents it from sanctioning agreements that will have an unstabilizing effect on the economy. Similarly, OPA is limited by policy to granting only those price increases which will not upset inflation control.

Lewis, in addition to asking 42 hours of pay for 35 hours of work, will make a determined drive to secure a number of so-called "fringe" demands. It was in this "nonwage rate" sector that Lewis won portal-to-portal pay (BW-Apr. 14 '45, p. 5).

• **Operators' Position**—Chief among new "nonwage" demands is likely to be a 10¢-a-ton royalty payment for financing a miners' welfare fund. This and

other demands will, if granted, push up the industry's labor costs well beyond 20%. By his public position on economic stabilization, Lewis, in effect, acknowledges that the coal operators are entitled to raise prices in order to meet these increased costs. That makes the coming controversy in coal a fight between Lewis and Bowles, with a coal stoppage as Lewis' persuader and the operators staying pretty much on the sidelines.

Not much short of a new, signed contract can avert a bituminous strike on Apr. 1, and the operators, who want a decision on prices from the government before committing themselves to increased labor costs, are not likely to be signing an agreement by that date. The averting of a strike by an interim agreement to make a final settlement retroactive to Apr. 1 is also considered a long-odds possibility. The operators are reluctant to assume the obligation of making retroactive payments of an unknown amount because they will not be able to make any increase in coal prices retroactive.

• **Critical Industry**—Disregarding its effect on the economic stabilization policy, the best hope for a quick settlement in coal rests upon the critical position the industry holds in our economy. A coal strike, even more immediately and more directly than a steel strike, will stop reconversion dead in its tracks and intrude upon the daily lives of the American people.

In the face of such a development no policy—especially a policy sired by expediency and conceived by politics—is likely to stand for long.

## Strike Disorders

Mass picketing and street brawls in the electrical tie-ups create scenes reminiscent of former industrial disputes.

Of all major strikes, only those in the electrical manufacturing industry—involving 175,000 workers in General Electric and Westinghouse plants, led by the left-wing, highly political United Electrical, Radio & Machine Workers (C.I.O.)—showed signs of disorder up to this week. In Philadelphia, Pa., and in Newark, Jersey City, Kearny, and Bloomfield, N. J., scuffles with police club swinging, and mass picketing created an atmosphere in the electrical strikes which had been missing in steel, automotive, and meat-packer walkouts.

• **Injunctions Defied**—In Philadelphia where both Westinghouse and G.E. plants have been strikebound for several weeks over the union's demand for a wage increase (now set at 18½¢), the

## THE LABOR ANGLE

### Judges

Who will enforce union controls written into legislation? The judiciary, of course, proponents of the Case bill or some variant of it will reply. And recalling how severely the bench dealt with labor organizations before its authority was limited by the Norris-La Guardia Act, that answer seems to satisfy almost everybody favoring union curbs.

Yet it may not be much of an answer after all. The character and the attitude of the federal judiciary today—after appointive power over judgeships has been held for 13 years by the New Deal—are strikingly different from what they were before the passage of the Norris-La Guardia Act in 1932. And that very difference is one of the important factors on today's troubled labor front.

Westinghouse, for example, cannot get an injunction which, in the company's words, "will permit our employees who are not on strike entrance to Westinghouse plants and research laboratories in the Pittsburgh district." Other employers in electrical manufacturing, steel, automobiles, and similar key industries, their plant gates blocked to clerical, supervisory, and nonstriking personnel by mass picket lines, have had the same experience with the courts.

Assumptions about contemporary judges' application of projected labor laws—such application always growing out of an interpretation shaped by personal attitudes—should be put to the test of contemporary facts. Advocates of far-reaching labor reform may find the judiciary no stronger a reed to lean on than a New Deal government agency.

### Peace?

Employers and unions, jockeying for position in the conflict over labor costs, frequently make a fighting issue of the date for beginning wage

negotiations and the period for which new wage rates should be retroactive. The area of argument over these points is sharply limited when contracts specify actual dates for their expiration or for wage reopenings, but many labor agreements written between Pearl Harbor and V-J Day tied negotiation schedules to an "end of the war" date.

Assuming that the war would end with a declaration of peace, parties to such contracts were sure they had a firm, nondebatable termination date. And not being experienced in the cautious practices of diplomacy, they did not spell out a more precise meaning as did, for example, the drafters of the British-Soviet-Iranian Treaty which Russia is now charged with violating.

That document specifies that the forces of all Allied powers are to be withdrawn "not later than six months after all hostilities between the Allied powers and Germany and her associates have been suspended. . . ." If such unequivocal language were written into labor contracts, an arbitrator called on to interpret its meaning would have a much easier job.

An instance of the trouble caused by imprecise wording of contracts is the threatened stoppage of all public transportation in Long Beach, Calif. The governing contract between the Lang Transportation Co. and its A.F.L. drivers and mechanics was written to run until "six months after the cessation of the war." The company maintains that the war will end only when Congress or the President says so—an occasion likely to be a long way off because of the Administration's desire to hold its war-emergency powers—while the union insists the war ended on V-J Day.

Arguments over this point have already upset the operations of other firms and will continue to disturb labor-management relations across the country.



Club-swinging police and defiant United Electrical pickets clashed last week in Philadelphia (above) and outside plants of General Electric and Westinghouse in northern New Jersey—the first serious violence in the major strikes.

Act of 1850 was invoked as U.E. strikers defied injunctions against mass picketing. Limited by court order to one picket at each plant gate, the union mobilized 1,400 one day, 800 the next. Union members "paraded" past plant gates, stopped "in respect" when a loudspeaker at the main gate of the G.E. plant blared out with the Star Spangled Banner, which it repeated until police intervened. When mounted police moved effective in smashing defiant picket lines, strikers threw marbles under the horses' feet, spilling both animals and riders. After a series of clashes, arrests, and legal maneuvering, the city quieted down. The companies gave "non-clad" assurance no attempts could be made to use strikebreakers, that the only personnel being admitted to plants were supervisory, technical, and office workers necessary for limited maintenance and in research laboratories for experimental and official projects.

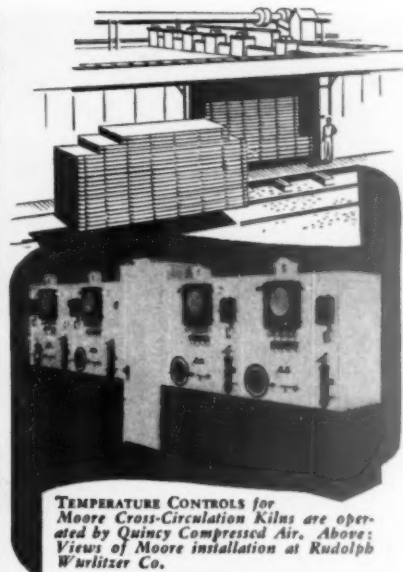
**Pickets Dispersed**—In Newark mounted patrolmen broke up mass picketing and opened the way for employees not on strike to enter plant gates for non-manufacturing work. The next day pickets permitted the employees to enter the plant, but when they left, a parade complete with a drum corps—formed "escort" them to their commuters' trains. An injunction limiting picketing in Bloomfield was defied, but the sheriff dispersed the crowd with a show of police strength and by reading an almost forgotten Revolutionary War riot act. Thereafter, U.E. complied with the injunction provisions.

Jersey City's Mayor Frank Hague, vacationing in Florida, sent word to police to forget about an injunction order issued in his bailiwick. Police there aided in repelling nonstrikers who tried to enter a struck plant. Nationally, arrests were numbered in the scores, but injuries and property damage were inconsequential.

• **No Innovation**—In sending selected nonmanufacturing personnel into plants, the two electrical companies were doing nothing new. The C.I.O. United Steelworkers had accepted the practice in their strike. Because of the different ideology of its leadership, U.E. rejected it.

Resulting mass picketing sent the companies into the courts, where precedent had just been set by the Pennsylvania State Supreme Court's decision upholding 4-to-1 a lower court's ban on mass picketing in an isolated case at U. S. Steel's Carnegie-Illinois plant near Pittsburgh. But in that case testimony showed that threats of violence actually had been made by pickets. In the electrical cases the companies complained only that a threat existed because the number of pickets was "greatly in excess of any lawful purpose."

• **Contract Agreement**—In Pittsburgh Westinghouse's request for an injunction was refused because, prior to the strike, U.E. and the company had agreed on who should be allowed to enter struck plants. This was held to constitute a contract. As long as the union permitted plant entry to the specified number of workers, no grounds for



TEMPERATURE CONTROLS for Moore Cross-Circulation Kilns are operated by Quincy Compressed Air. Above: Views of Moore installation at Rudolph Wurlitzer Co.

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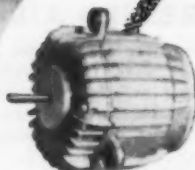
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an injunction existed, the court said regardless of the number of pickets used. Similarly, the company was bound to stay within the authorized quota.

Significantly, the court added that "few, isolated acts of physical contact cannot be construed to be such violence as would justify an injunction."

Meanwhile, the companies and the union reopened negotiations. But there was no immediate sign of a settlement which now depends largely upon the companies' price agreement with OPA.

## Akron Experiment

Labor Dept. conciliators success in rubber negotiations forecasts the opening of more separate-industry branches.

Success of the "Big Four" rubber producers—Goodyear, Goodrich, Firestone, and U. S. Rubber—and C.I.O.'s United Rubber Workers in relieving a threatening strike situation by negotiating in eleven days the first industry-wide wage agreement for rubber is expected to have strong bearing on the "strike prevention" program of the U. S. Dept. of Labor Conciliation Service.

• **Antistrike Move**—Recently Edgar Warren, director of the Conciliation Service, set up a rubber industry conciliation office in Akron, Ohio, under the direction of Commissioner Paul Fuller, aided by George Morrison. Opened with little fanfare, the branch office was charged with full-time assistance to rubber companies and workers in efforts to keep labor relations on an even keel (BW—Feb. 23 '46, p102). It had an immediate major objective: to avert a strike of some 100,000 rubber workers employed by the four big rubber firms.

Last week end that often predicted tie-up was prevented when rubber management agreed to give 18¢ hourly raises to employees (now averaging \$1.09 hourly), with 12¢ of the increase retroactive to Nov. 1, 1945. Management also agreed to pay double time for any work done on Sundays and holidays, and to negotiate disputed job-rate questions with the union.

• **"Material Commitment"**—The union did not press its demand for a straight 30¢ hourly increase, dropped for the present its demands for a 30-hour work-week, and made "a mutual commitment" with management on cooperation for better labor relations and increased productivity.

The wage increase agreement—expected to become a pattern for 1946 pay boosts for an additional 100,000 workers employed by other companies in the rubber industry—is subject to



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It is clearly within the realm of possibility that DDT will turn up in interesting uses as yet undiscovered. For who is to say we won't someday see floor polish, for example, that kills flies and other insects through its entire life? Some manufacturer with a DDT idea today may well be the maker of a valued DDT product tomorrow.

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almost certain approval by the National Wage Stabilization Board. It also must be ratified by local unions in about 40 plants operated by the "Big Four," but this, too, was looked on as a formality only.

• **Backstage Help**—Ostensibly the contract negotiations, in Washington, were between management and the union, with federal officials present only as observers. But as rubber commissioner, Fuller called for and succeeded in arranging industry-wide negotiations for the first time in rubber labor relations, and—busy behind the scenes—kept them moving under close observation.

Satisfaction with the results achieved was indicated when word went out this week from Washington that automobile, steel, and meat packing industries probably will have their own federal conciliation offices as soon as details can be worked out.

## Wooing Foremen

C.I.O.'s U.F.A., hitherto a minor contender in its field, is trying to organize supervisors in Pennsylvania steel mills.

John L. Lewis' recurring demand that his United Mine Workers be permitted to organize mine foremen and the possibility that the National Labor Relations Board may shortly expand its position on unionization of supervisory employees have spotlighted activities of a now minor C.I.O. union which may develop into a strong contender for little-organized foremen.

• **Without Fanfare**—Although it has been in the field for about a year, since NLRB authorized the organization of foremen in unions independent of production workers (BW—Mar. 31 '45, p15), C.I.O.'s United Foremen of America has operated without fanfare in a quiet and only moderately successful drive to sign up steel mill foremen in Western Pennsylvania.

Now it is reported prepared to file with NLRB for collective bargaining elections or certification in a number of plants. Immediate objectives, however, are organizing drives at sprawling Carnegie-Illinois and Jones & Laughlin plants.

• **Acid Test**—When the elections are set by NLRB, the U.F.A.'s honeymoon of little opposition will end. The organization will go through the acid test that will determine whether it can stand up under tough management opposition.

The U.F.A. represents a reversal of the previous "hands off" policy of C.I.O. over foremen organization. It indicates a determination that C.I.O.

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a Development of Prewar  
Electromagnetic Method

PILOT FACTORY LEFT OUT

Prof. E. O. Lawrence, California  
Physicist, Led in Work on  
Means of Producing U-235

Following is the fifth of a number of articles by a staff member of THE NEW YORK TIMES who was detached for service with the War Department at its request to explain the atomic bomb to the lay public. He witnessed the first test of the bomb in New Mexico and, on a flight to Nagasaki, its actual use.

By WILLIAM L. LAURENCE

When the discovery of the tremendous potentialities of the U-235 (U-235) as a vast source of atomic energy, and its potential military weapon of destructive power, was first revealed in 1939, it appeared to be a sort of scientific miracle whereby nature had

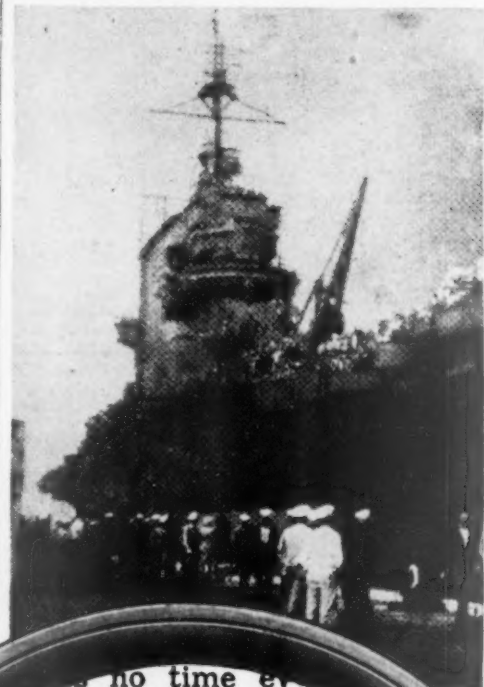
By what Prof. Lawrence described as a "natural cuss," the U-235 was found to be an ordinary element which it was found that tenths of a percent of it, as like a few tweedledums, separated from the rest of the element by a process of microscopic analysis.

There were many unknown methods of separating it was determined that it was necessary to proceed to the development of several methods of production at the time the methods were found to be mountable difficulties necessitate its development was not considered as our eggs into one.

As it turned out, the great difficulties were all solved, and no one, such as a scientist, was as to just abandon it.

One method, known as the "calutron" method, is based on the principle that electrically charged atoms (ions) deflected path as they move through a magnetic field. Atoms

## VETERANS OF PACIFIC WARS W



no time even a small pilot plant had have served as a model.

### Unique Equipment Provided

Since the electrified atoms to be separated must travel in a very high vacuum, high-speed vacuum pumps such as never existed before had to be created. After much research Distillation Products Company developed pumps that produce and maintain extremely low atmospheric pressures. No vacuum pumps capable of operating at such high speeds and such low pressures are commercially in use in any other process.

Great difficulties also had to be overcome in designing extremely accurate control equipment.

Recent Research

It was found that the electromagnetic method had some serious limitations to make it practical for large-scale separation of U-235. Dr. Lawrence, however, was not convinced that the indirect

Radiation Laboratory research.

This giant showpiece of 1942 that the netic method was that a large enough

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not be excluded out of the fore-organizing race—for want of a long entry—if NLRB departs from insistence on the separation of foremen's unions from production workers' unions. U.F.A. first manifested itself in Chicago last summer when a number of members of the independent Foreman's Assn. of America were approached with invitations to join C.I.O., after reports that U.M.W. would absorb the independent F.A.A. publicity.

With F.A.A.—The Foreman's Assn. subsequently denied that it was considering surrendering its independence. Since then, C.I.O.'s supervisory union, headed by Anthony J. Federoff, worked with F.A.A. wherever possible to have steered clear of organizing in any area in which F.A.A. has a claim. Thus far, it's a truce.

opposition is being encountered from other sectors, however. The Foremen's League, in Pittsburgh, contends for membership in the C.I.O. union and separate the foremen from management, force loss of their identity as supervisory employees and result in upgrading, and divide their allegiance so that foremen will not know at which of the bargaining table they are. The league's arguments are all word-for-word what management contended.

Impetus From Strike—According to Federoff, impetus was given to U.F.A.'s organizing work by the recent steel strike. Foremen, ordered through picket lines, sought C.I.O. support, by signing cards, against reprisals for refusing to work in struck plants. With the settlement of the strike, organizing relaxed off again.

## MARDI GRAS DARKENED

When New Orleans' Mardi Gras festivities were resumed last week for the first time in five years, Hermes (god of industry and conductor of souls) was paraded through the city's streets by a float of stationary flares in place of the traditional flambeaux. Old-time carriers of the flaming torches were held out for more pay.

Captains of the "mystick krewes" staged the Mardi Gras parades declared that in other years the flambeaux carriers were paid \$2 for each float and that a recent agreement raised this fee to \$2.50. When many still refused to march, officials appealed for public support, called on ex-servicemen to volunteer for marching parades.

Mardi Gras expenses are met by private citizens of New Orleans, as has been the custom since the first large-scale celebration was organized in 1857 by former residents of Mobile, Ala.



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## REVOLVING UNIT HEATERS

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## Cannery Strike

A.F.L.-C.I.O. antagonism puts northern California packers in the middle, threatening grapefruit and vegetable loss.

A.F.L.-C.I.O. rivalry, which since war's end has developed a bitter intensity, is brought into direct focus every situation where the two organizations can come to grips with each other. The President's stillborn Labor Management Conference in Washington last November (BW-Nov. 17, p15) provided a convenient ring in which the antagonists squared off, traded verbal punches, and disseminated their competing ideologies. The New York dockfront and the Chicago department store field were likewise converted into battlegrounds. On the former, the C.I.O. tried unsuccessfully to break the A.F.L.'s hold on the East Coast longshore industry (BW-Oct. 20'45, p96), and in the latter, the A.F.L. successfully raided a C.I.O. stronghold (BW-Jan. 5'46, p93).

• **California Arena**—Now a third industrial area—one in which jurisdictional rivalry developed during the war—is coming critical terrain in labor's showdown fight. The extensive northern California fruit and vegetable canneries were caught this week between the hammer and the anvil, with prospects of grave crop losses and a dent in national food supply, as the A.F.L. and C.I.O. put their competition for control of this industry to a naked test of strength.

On Mar. 1, the union shop contract between the A.F.L. International Brotherhood of Teamsters and California Processors & Growers, Inc., expired. The contract covered all employees of the 61 biggest canneries in the northern part of the state.

• **Deliveries Stopped**—The canneries' association was forbidden by the National Labor Relations Board to negotiate a new exclusive bargaining contract with the Teamsters or any other union, unless the board can resolve a representation dispute between the Teamsters and C.I.O. union. The Teamsters, direct actionists, then halted all truck deliveries to and from the canneries.

Packing of spring spinach, the first crop in a series that stretches into fall and includes asparagus, apricots, peaches, and tomatoes, was halted, casting a long shadow across the prospects for asparagus, which should be ready for processing in another two weeks (California packs 30% of the nation's spinach, 52% of asparagus.)

• **Jurisdiction Award**—The dispute goes back to early 1945 when the A.

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She's alert. She's vibrant. She's  
youth. And right now, within  
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the greatest emotional writ-  
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is great reading. Here's writing  
that spins webs of dreams — that  
is moods of warm emotion.

Now, Pepsodent, now that her  
teeth are soft with the stardust of  
Eunson's fine writing — it's  
once more for your advertise-  
ment. Make her dreams of roman-  
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Pepsodent smile. Keep telling her  
of triumph and its aid to flashing  
teeth. And, while you're at it, im-

plant once more in her open recep-  
tive mind the idea that the Pepsodent  
Brush design is the Straight Line  
path to clean and attractive teeth!

She's just been carried away by the  
magic words of Faith Baldwin and  
Katharine Brush and Ursula Parrott  
and all the other famous authors in  
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Her emotions have taken over,  
Pepsodent. And emotion makes  
wars. Emotion makes marriages.  
Emotion makes SALES!

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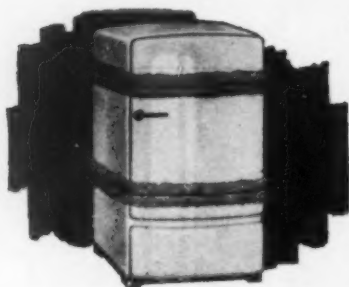
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A Bauer & Black technical consultant often can cut your costs and boost profits by pointing out to Production Managers and Plant Superintendents cheaper, more efficient ways of using tape.

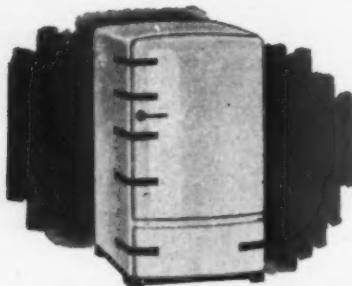
**A SAMPLE TASK:** In packing home appliances for shipment,



Wire . . . Costly, Cumbersome

movable parts must be made secure. Wire, with protective padding, proved cumbersome and expensive. So paper tape was tried; lack of tear-resistance necessitated using several layers or wide widths. Ordinary cloth tape discolored and stained enameled finishes.

**THE SOLUTION:** Bauer & Black's know-how developed a fine, narrower cloth tape whose adhesive mass didn't discolor or stain finishes. Well-known home appliance manufacturers have profited by the experience and now use Bauer & Black No. 151, designed specially for safe, cheaper use in shipping appliances with movable parts.



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PRESSURE SENSITIVE ADHESIVE

**PRODUCTION SHORT CUTS TO REDUCE COSTS  
RESEARCH TO SPEED AND IMPROVE METHODS**

executive council awarded the Teamsters jurisdiction over warehousemen employed in all canneries. At the jurisdiction was held by A.F.L. labor unions, chartered directly by executive council and organized on the Pacific Coast into state confederations of cannery workers' unions. Subsequently, at the Teamsters' request, the jurisdiction was broadened to include all cannery workers everywhere.

In the state of Washington and most of Oregon, the state councils of their constituent locals yielded fully to absorption by the Teamsters and in most cases there was not even a change of officers.

• **Locals Object**—But rebellion broke out in California. Some locals cut out to affiliate with the A.F.L. Seafarers International Union, which held jurisdiction in seafood canneries (and which subsequently surrendered the rebellious locals to the Teamsters). Others became independent.

Strikes and picket lines flourished in California last summer, and although food losses were small, canneries were put to the inconvenience of diverting produce shipments to other plants for processing to avoid spoilage.

• **Representation Poll**—Into this confused melee stepped the C.I.O. Food Tobacco & Agricultural Workers, campaigning among disgruntled cannery workers, the C.I.O. petitioned NLRB for an election.

Barely half the 23,500 eligible voters voted in the elections, held in October, at the 61 C.P.&G. canneries. The 12,259 votes cast, the C.I.O. polled 6,067 or 63 votes short of the required majority. The A.F.L. received 4, almost 1,300 were challenged, and were divided between an independent and no union. In 14 other canneries affiliated with the C.P.&G. and employing fewer than 5,000, the results were divided between C.I.O. and A.F.L.

• **Elections Contested**—The A.F.L. contested all the elections on the grounds among other charges, that board had failed to provide accurate eligibility lists. After hearing arguments, the board last month set aside the 1945 elections and ordered new ones when are at summer peak. Meanwhile, by the board's order, neither union is entitled to exclusive bargaining rights much less a union shop contract.

When the C.I.O. proposed to bargain for its members, however, the A.F.L. union, brandishing the vaunted "economic power" of its airtight control over truck deliveries, would tolerate no deviation from the union-shop it had inherited from the cannery workers' unions.

In this damned-if-you-do-or-spoil spot, the canners have appealed to Washington for help. So far they have heard only the echo of their own





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Hero would discover that the period of revolutionary progress began toward the end of the first world war and that the next few years saw in quick succession the commercial development of pulverized coal firing of boilers, of water-cooled furnaces and the preheating of combustion air; that these developments stimulated greatly improved designs of mechanical

stokers, the use of higher pressures and temperatures, the better integration of overall boiler-furnace design and, finally, made possible the building of steam generating units capable of delivering vastly greater amounts of steam at far lower cost. Because much of this development took place in America, the outbreak of the second world war found us with an abundance of low cost power, ready for a war in which power for production stands at the top of the list of national assets.

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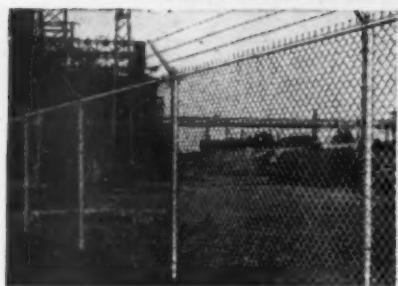
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## Plenty at Stake

San Francisco machinist strike is not just a wrangle over wages. It's the local vs. I.A.M. International.

Since 1936, San Francisco Lodge 68 has been a thorn in the flesh of the International Assn. of Machinists. This week I.A.M. decided it might be wise to pluck the thorn.

• **Trial Scheduled**—Accordingly, Harvey W. Brown, international president, filed a series of charges, including abetting the rival C.I.O. machinists, which could culminate in the suspension of Lodge 68 or revocation of its charter. Nine other members of his eleven-man executive council, who have been in San Francisco for three weeks, will conduct the trial next week.

What brought the trouble to a head was the strike which Lodge 68 has prosecuted, in defiance of the I.A.M. and the Connally-Smith law, against San Francisco machine shops for the past 16 weeks (BW—Feb. 23 '46, p. 93).

• **Thousands Idle**—The strike involves 7,500 machinists, but its influence is much wider. In addition to 100-odd machine shops, which employ principally machinists, the strike affects shipyards and so-called fringe plants, which employ only a handful of maintenance machinists, but whose other workers respect the machinists' picket line.

On the east side of San Francisco Bay, in Oakland, another strike, identical in timing and substance, is in progress. This one is conducted by Machinists Local 1304 of the C.I.O. United Steelworkers of America and involves some 4,200 members employed in 30 shipyards, fringe plants, and machine shops. There, too, other crafts have respected the picket lines; estimates of the number of people made idle in San Francisco and Oakland run to 55,000.

• **Rough Reception**—In response to complaints from civic organizations, employers, and idle union members that Lodge 68 was arbitrary in its demand for a 30% wage increase, and from other unions whose members were unable to work, Brown took his executive council to San Francisco the middle of last month. A rough reception awaited them.

Brown's ambition was to get a sealed vote of the membership on a proposal from the employers, represented by the California Metal Trades Assn., that rates be increased 15% (about 18¢ an hour). He convened a membership meeting, but the Lodge 68 business agents, Edward F. Dillon and Harry Hook, engineered a demonstration from

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## Playing to the Sidelines

Maneuvering for public opinion rather than negotiating over contract terms dominated the fourteenth week of the C.I.O. auto workers' strike against General Motors. The trend amply supported Conciliator James Dewey's discouraged statement that it now appears unlikely that a settlement will come before the United Auto Workers' convention, which begins Mar. 23 in Atlantic City.

During the week, U.A.W. offered to order workers back into the plants if G. M. would agree to raise wages 18½¢ an hour, submit the issues in the whole dispute to arbitration. G. M. refused, countered with a proposal that union members vote, by secret ballot conducted by the National Labor Relations Board, on a return to work under contract terms offered by the company: 18½¢ hourly raises, dues checkoff instead of maintenance of membership, 7½¢ night-shift premium, other concessions.

U.A.W. President R. J. Thomas challenged the plan as "unwarranted interference in the affairs of a democratic union, and . . . probably an infraction of the National Labor Relations Act." But instead of outright rejection, U.A.W. called for a vote on a return to work (1) on company terms, or (2) on union arbitration terms. The onus of rejection thus was shifted to G. M. and the next move to induce a settlement was expected from Washington.

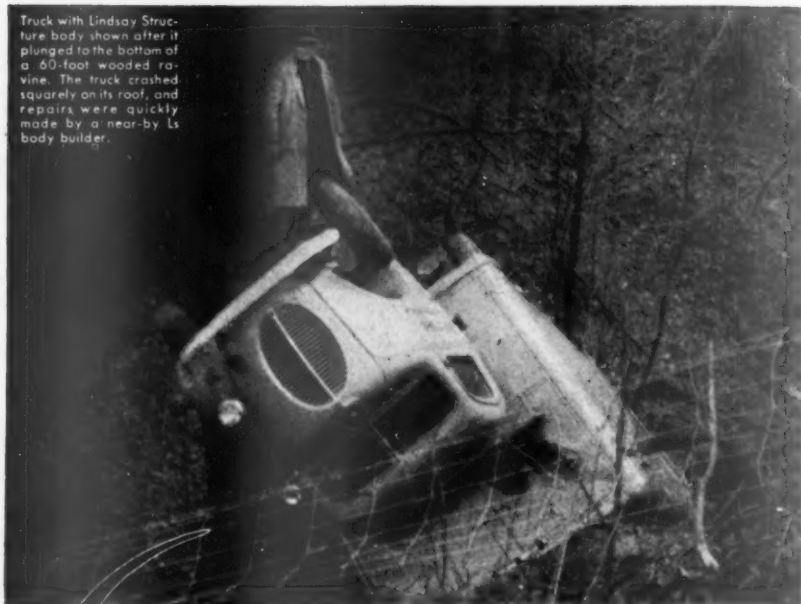
floor which thwarted the poll and ve Brown and his fellow executives in the hall in a chorus of boos.

**Rival Balloting**—Dillon and Hook conducted their own secret vote a few days later and announced the result as 98 to 634 against accepting the employers' offer.

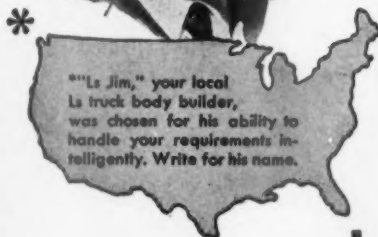
Brown thereupon took a mail ballot of all the members. Coincident with his closure of charges against the lodge, he announced the result: 1,488 favoring, 228 opposing, acceptance of the 30% offer; 1,469 authorizing and 233 refusing to authorize the executive council to sign with the employers on these terms.

In the meantime, Dillon and Hook modified their 30% demand to 23% and encountered solid employer resistance. Machine-shop owners knew that nothing was in the wind and after months of idleness were in no hurry to snap at the first proffered compromise.

Truck with Lindsay Structure body shown after it plunged to the bottom of a 60-foot wooded ravine. The truck crashed squarely on its roof, and repairs were quickly made by a near-by Ls body builder.



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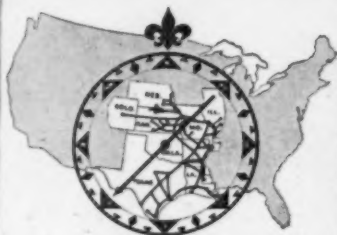
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## Unions' Union?

Many independent labor groups may join a central organization, while others consider new vertical unions.

Inner councils of about 40 independent unions throughout the country are debating whether to fall in with plans for banding themselves together in one of two ways to increase their strength at Washington and against management.

Unions considering these possibilities were represented at the recent Cincinnati convention of the youthful Confederated Unions of America. About half of them sent observers to the meeting. The rest, already affiliates, are trying to decide whether to amalgamate in broad industrial unions whose lines were indicated in a resolution carried at the meeting.

• **Metal Workers First**—Should these ambitious plans be carried out, new national unions will emerge, the first in metalworking, now almost as heterogeneous as John Lewis' District 50. There is an even chance that this will occur if members back home approve the program supported by their delegates.

In the new, tentatively titled Metal Workers Union would be the 40,000 members of the Mechanics Educational

Society of America, independent Michigan-Ohio union active in some plants and led by Matthew Smith, who organized the C.U.A. two years ago and was reelected president at Cincinnati. Another major participant might be the Interstate Metal Workers Union, which has made headlines with its strikes at Revere Copper & Brass.

Among other components might be the Independent Shipyard Workers of America, Florida, with bargaining rights in a southern yard, and the Automotive Industrial Workers Union, which has organized Diamond T Motor Car Co. in Chicago. Their present names will probably give way to a new title, but the convention's resolution provided that any union which did not want to amalgamate with others in its industry could remain apart.

• **Membership Debated**—While affiliates of C.U.A. wonder whether to tie their destinies to the spreading vertical union organism sighted in the program, nonaffiliates are considering whether to join the central labor organization. Among these are such large labor groups as the National Federation of Telephone Workers and its affiliate, the Association of Communication Equipment Workers; the Duquesne Power & Light Workers of Pittsburgh; the Brotherhood of Steel Employees; and numerous other unions in metal fabricating, food handling, transportation, oil refining, utilities, and paper making.

The Industrial Workers of the World, holding bargaining rights at a few



## THE LADIES PROBE NEW FIELDS

Like their Smith College sisters, who formed their own corporation to study high finance at first hand (BW—Jan. 12 '46, p. 82), Denison University students at Granville, Ohio, are investigating aspects of modern industrial life. This time it's labor unions. A student-faculty group (above) recently sat in a meeting of C.I.O. rubber workers to study union procedure—reversing the practice whereby some unions send representatives to colleges.

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or a dozen*



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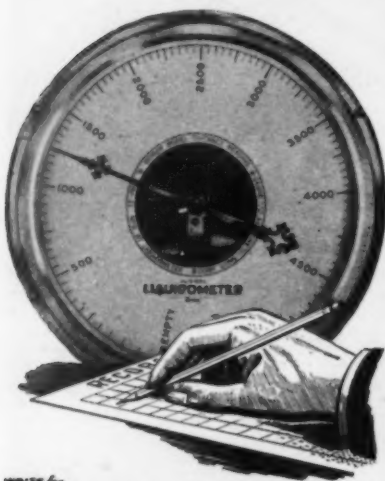
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tered midwest plants, also sent observers who enthusiastically watched the convention place itself well on the left by beating down a resolution that was introduced by the American Watch Makers Union to commit the confederation to support of all capitalist free-enterprise principles and to the banning from the organization of all "radical group" members. The A.W.M.U. was the only group to support the resolution.

### U.M.W. PAYS COMPANY

In recent months management has instituted court action in a number of instances in which union attempts to organize workers were accompanied by particularly vicious attacks against their employers. In most cases, however, the court actions were the result of frazzled tempers and most of them will never go to trial.

Generally, the reconsidered decision is that more can be lost by pushing a damage action against a union than can be gained by winning it.

But in Birmingham last week the Alabama Fuel & Iron Co., largest Alabama operator of unorganized coal mines, successfully held out for a financial settlement by the United Mine Workers for what it described as conspiracy against the company, and defamatory, scandalous, and libelous stories against the company and individual officers.

U.M.W. paid \$20,000 from national funds and \$5,000 from Alabama District 20 funds to settle the suit out of court, as a matter of "expediency" according to its attorney. Also involved were the C.I.O. and its United Steelworkers of America, and the weekly labor paper which they sponsor in Birmingham, which carried the U.M.W. attack on Alabama Fuel & Iron in special editions which were printed for the mine union.

The company has been engaged in a ten-year fight with U.M.W., featured by ill feeling, some violence. Recently its 1,400 employees at the Acmar and Margaret mines, in Shelby County, near Birmingham, again rejected organization by U.M.W.

### PEACE ACT SETBACK

Colorado's Labor Peace Act, once considered the nation's most stringent attempt to regulate labor unions (BW-Apr. 10'43, p. 96), received new setbacks last week when sections limiting picketing were declared unconstitutional in a state court test.

A.F.L. teamsters began picketing Denver milk companies last summer to compel recognition of their union. The companies obtained a temporary injunction on their contention that the act expressly bars picketing as a means of

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compelling employers to grant organization or collective bargaining demands of hitherto unorganized workers because it limits picketing to "lawful labor disputes" between employers and employees who are organized for collective bargaining.

But District Judge Joseph J. Walsh held that the injunction should be avoided because the act's picketing provisions are "too narrow and strained," and because the state could not justly define certain labor practices as fair or permit for one group of workers procedures held illegal and unfair for others. The judge ruled that both the ends the teamsters sought and the means they used were legal. An injunction to restrain them from picketing therefore was held to be a violation of their constitutional rights of freedom of speech and assembly.

The decision, like an earlier one which held that unions cannot be compelled to incorporate (BW-Dec.30'44, p84), is expected to go to the Colorado Supreme Court.

## NOT ORDERS, BUT MEN

Although a special act of the Virginia General Assembly empowered it to seize and operate strikebound ferries serving Norfolk, the Virginia State Highway Commission last week found—as did the federal government in New York harbor recently (BW-Feb.16'46,p16)—that manpower rather than official orders is the vital factor in normal ferry operations.

Ferry crew members, who carry cards in the Seafarers International Union (A.F.L.), struck against the Chesapeake Ferry Co. on Feb. 8 in support of their demands on the company for \$10 monthly wage boosts.

The General Assembly voted the seizure to end "a serious obstruction to the use and operation of the state highway system." A circuit court order subsequently was obtained when the company, to test validity of the seizure act, refused to surrender control of the ferry line.

The court specified that "reasonable compensation" must be paid to the company for use of the ferries, and that the properties must be maintained in a "reasonably similar order and condition." To the highway commission these stipulations were of red-tape concern only.

Far more bothersome was the ferry crewmen's refusal to return to work for the state at their former wage scale while their union continued negotiations with the company. The strikers demanded that the state guarantee an increase in pay, but the state refused to become a bargaining or negotiating agency in the controversy between the union and the company.

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# THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

MARCH 9, 1946



Washington's attitude toward the Soviet Union is beginning to stiffen.

Aggressive new international demands by Moscow, instead of being tacitly overlooked or condoned, are running into opposition—and are being boldly publicized.

There are still no indications that Washington has a clearly defined, long-term foreign policy of its own.

But the belated decision to demand a quid pro quo from Moscow in future international maneuvering, if resolutely followed, will either force the U.S.S.R. to be more cooperative or precipitate a break among the United Nations.

Though Churchill's Missouri speech, which indirectly disclosed this country's new stand, was planned weeks ago and prepared in full consultation with the President and the State Dept., events of the last few weeks give it special significance.

Moscow's current refusal to withdraw Soviet troops from northern Iran is an undisputed breach of treaty terms.

Continued Russian reluctance to open eastern Europe and Korea to more than a minimum of Allied officials has intensified suspicion of Moscow's long-term motives.

And the Kremlin's bid to Chungking for a partnership in the development of the all-important Manchurian industrial zone would, if forced on the Chinese, freeze the Western Allies' plan to help China—with capital, equipment, and know-how—to get back on its feet.

This newly disclosed Soviet maneuver—which follows the pattern already enforced in eastern Europe—temporarily upsets another U. S. scheme for Far Eastern rehabilitation.

China for some time has been angling to obtain—as reparations—as much as possible of Japan's dismantled factory equipment.

Momentary stumbling block in the minds of certain reparations officials is that most of these tools would need to be transferred to Manchuria if they were quickly to be manned by skilled workers, because 70% of China's industrial production before the war was located in this Japanese-dominated area.

As long as Russia threatens to remain in control, however, no equipment will be shipped to this region.

The Soviet Union is not likely to abandon its aggressive policy immediately, despite its desperately weakened position as a result of the war.

Moscow detects in such signs as this country's lack of enthusiasm for the British loan a widespread reluctance seriously to help Britain maintain the Empire.

Also, the Kremlin believes—probably justifiably—that it can bully its way into northern Iran and eastern Turkey with almost complete assurance that neither Britain nor the U. S. would fight over concessions forced on these countries.

Test—as far as the U. S. is concerned—is likely to come in the Far East where Washington has, probably, its best defined foreign policy.

Despite Communist antipathy to the fascist regimes in Argentina and



# THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
MARCH 9, 1946

Spain, Moscow is making the most of the dilemma in which London and Washington now find themselves in both countries.

Peron's almost certain victory in the Argentine election has already virtually forced the U. S. to call off the Rio de Janeiro conference of Western Hemisphere States, scheduled—until recently—for late March.

Instead, Administration officials are working frantically to formulate some new policy to cope with the awkward, and dangerous, new situation.

And Britain, even as Churchill appeals for an intensified and permanent alliance with the U. S., is virtually forced—through its present desperate dependence on Argentine food supplies—to refuse effective cooperation in any plan to enforce either diplomatic or economic sanctions on Argentina.

London's position in relation to Franco is equally awkward.

The British are as eager as Americans to get rid of the fascist dictatorship in Spain.

But they are genuinely afraid that, in the political upheaval which might follow Franco's overthrow, Spanish Communists will come out on top.

This possibility of a Russian outpost at the western end of the Mediterranean, coming on top of Soviet aggressiveness in the Balkans, Turkey, and Tripolitania, has made Britain a reluctant partner in the present squeeze play on Madrid.

As a result, the U. S., despite this week's bold demand that Franco abdicate, is not likely very soon to take the logical next step and halt all commercial dealings with Spain.

Instead, if Franco holds out, don't be surprised if Washington merely closes its Madrid embassy while it searches for more effective measures to be applied against the present Spanish government.

In England, watch the growing influence of the Board of Trade in planning the country's economy. It's likely to prove far more important to world business in the near future than the Labor government's much-publicized schemes for the ultimate nationalization of certain industries.

Practically all factory space not already occupied by existing industry is owned or has been requisitioned by the government and is allocated by the Board of Trade according to a rigidly drawn national plan.

No new business can be created without government license, and these are issued only as the new industry is considered essential to the country's economic welfare.

Through refusal to issue permits for new industries in such crowded areas as London and by offering subsidies to locate in areas now threatened with postwar depression, the Board of Trade is actively creating a new economic pattern for Britain.

By demanding that half of all current production be allocated to export, also often manipulated by government agencies, the government is making itself an active partner in management.

You can expect Australia to announce soon the names of U. S. experts who have been invited to survey and modernize the country's financial setup.

The job is expected to get under way not later than June and will be aimed especially at creating uniform practices throughout the Commonwealth.

# BUSINESS ABROAD

## Fight for Latin Markets Is On

Britain and United States are now open competitors for our neighbors' increased purchasing power. Indications are that our exporters will be able to hold major share of business.

**SAO PAULO**—The long-expected postwar fight over Latin American markets has begun sooner than had been expected. Seven nations—with America and Britain the principal contenders—have joined in the wide-open trade battle.

**Lion's Share**—A survey of all countries south of the border shows that in the initial skirmishes, U. S. exporters have grabbed a lion's share of the business except in Argentina, where the British, traditionally dominant, continue to hold an upper hand. Runners-up, and leaders in certain specialized items, are Sweden, Switzerland, Canada, Belgium, and France.

The international battle for Latin American markets was not expected to get under way until at least next fall. But exporters have been spurred by the fact that buyers have plenty of sterling and dollars. Added stimulant has been the absence of price ceilings.

Latin American gold and foreign exchange holdings, which are the key to purchasing power, stand at nearly \$4,000,000,000 today, as a result of a spectacular jump in gold reserves between 1939 and 1945.

Reserves of gold and foreign exchange held by leading Latin American countries are as follows (in millions of dollars):

Argentina	1,700
Brazil	664
Chile	473
Mexico	400
Uruguay	246
Venezuela	207
Colombia	157
Peru	110

**What the War Did**—U. S. and Britain, before 1939, were complementary rather than competitive traders in Latin America. As the war progressed, however, American exporters took over more and more British trade, and began cornering a good chunk of Germany's business. The end of the war finds the picture completely changed, the dovetailing of trade gone, and Britain and the U. S. in wide-open competition in many key commodities.

What the situation will be a year hence, when the abnormal wartime trade situation has felt the full impact of peace, and foreign trade policies of

the competing nations have become clearer, is anybody's guess, but an evaluation of the situation today puts America in a favored position to retain its lead.

**Trump Cards**—Principal advantages of the U. S. are that it is well-intrenched in Latin American markets, possesses the largest amount of shipping, is able to use Export-Import Bank resources to finance exports, has organized good trade publicity, and is the principal buyer (except in Argentina) from Latin American countries.

Britain's assets in Latin American



### FOR NAZI LIQUIDATION

As President Truman's special assistant, Randolph Paul, former general counsel for the Treasury, will confer this month with British, French, and Swiss delegates on the disposition of German assets abroad. Allied conferees—looking at the \$750,000,000 of Nazi assets invested in Switzerland—will first have to win Swiss consent to shift ownership to the German External Assets Committee, then pro-rate them against reparations accounts. Sweden's holdings, estimated at \$500,000,000, and those of Spain and Argentina, will be discussed later.

trade consist of its long-established connections in selling certain lines, its wider experience in Latin American banking and export financing, and the fact that it grants longer credit terms to overseas buyers.

**Aggressive Policy**—The importance which the British attach to gaining a solid foothold in countries south of the border can be seen in the fact that the government is giving export trade priority, allocating labor and industrial installations for export, sending out experts to renew contacts and survey export markets, and generally increasing trade publicity. Both British and U. S. exporters are swamping Latin American countries with brochures in Portuguese and Spanish.

On the debit side, Britain is at a disadvantage through the current lack of shipping, the longer time needed to reconvert her industries, and the war-starved claims of domestic consumers for supplies of badly needed goods. Nevertheless, the British have succeeded in making some important, even though not bulky, shipments to Latin America. Deliveries of U. S. goods to Latin American markets have been affected by the strike wave.

**Opportunities**—Countries where Britain is expected to make good headway in the transition period are Uruguay (in railway material), Venezuela and Colombia (textiles and pharmaceutical goods), Brazil (textile machinery and railway material), and Bolivia (textiles and machinery). Odds seem to favor the U. S. in retaining its hold on the steel trade.

The Swedes are making particularly deep (though possibly temporary) inroads into Latin American markets. Swedish industries and shipping grew during the war. It has become an important supplier of machinery and vehicles to Brazil as well as a buyer of Brazilian coffee and cotton on a bigger scale.

**Other Contenders**—Switzerland, too, is building up a growing export trade in machinery and precision instruments, while French manufacturers of textile machinery are already offering better credit terms and delivery than their competitors. Belgians and Canadians also are active in the Latin American markets.

A particularly heavy play is being made for Brazil—with its \$352,000,000 increase in gold reserves. But despite this, the prospect of Brazil's being able to obtain early delivery of badly needed industrial and transport equipment is not so good. The Brazilian government has advised prospective buyers to go to the U. S. with cash to pay for surplus property, and not to turn down offers of used machinery.

**Advice From Rio**—The U. S. Chamber of Commerce in Rio de Janeiro has

advised its members to lose no time in placing orders for U. S. machinery and equipment, and has warned manufacturers in the U. S. against supplying European buyers to the exclusion of Brazil-

ians, who not only can offer payment at sight but are willing to pay premiums for early deliveries.

Many Brazilian industrialists are using their Equipment Certificates—obtained

in lieu of excess-profits taxes by setting aside twice the amount of the tax on postwar re-equipment need—to place orders in the U. S. for new machinery (BW—Mar. 4 '44, p. 118).

## For Ready Reference: List of Foreign Buying Missions

Compiled by the Commercial Intelligence Unit, Bureau of Foreign & Domestic Commerce, U. S. Dept. of Commerce, this list shows "semi-permanent" purchasing and supply commissions now located in the United States. The list includes representatives of foreign governments, other than purchasing agents, who may be consulted regarding purchases for their governments.\* All addresses are Washington, D. C., unless otherwise indicated.

**Afghanistan:** Legation of Afghanistan, 2001 24th St., N. W.; Mohammed Omar, consul; Afghan American Trading Co., Inc., 226 W. 26th St., New York.

**Argentina:** Argentine Army Aeronautical Purchasing Commission, 1775 Broadway, New York 19; Argentine Government Oil Fields Commission, 80 Broad St., New York 4; Argentine Naval Commission, 1302 18th St., N. W.; Brig. Gen. Antonio Parodi, military attache, Col. Alfredo Paladino, air attache, Embassy of Argentina, 1816 Corcoran St., N. W.

**Belgium (& Luxemburg):** Belgian Economic Mission, 1780 Massachusetts Ave. N. W.; 630 Fifth Ave., New York 20.

**Bolivia:** G. Rovira, commercial counselor; Lt. Col. Alfredo Pacheco, president, Bolivian Army Purchasing Commission, Investment Bldg., 15th and K Streets, N. W.; Rowland Egger, U. S. representative, Corporacion Boliviano de Fomento, 232 Barr Bldg.

**Brazil:** Col. Faria Lima, chief, Brazilian Aeronautical Commission, 3402 Garfield St., N. W.; Oswaldo B. Sampaio, Brazilian Government Airplane Engine Factory Commission, 60 E. 42nd St., New York 17; Comdr. Benjamin Sodre, Brazilian Navy Purchasing Office, 3005 34th St., N. W.; Lt. Col. Joao Valdetaro, chief, Brazilian Military Commission, 2134 Leroy Pl., N. W.

### British Empire—

**Australia:** War Supplies Procurement, 1700 Mass. Ave., N. W., and 61 Broadway, New York 6.

**Great Britain:** British Ministry of Supply Mission, 15 Broad St., New York 5, and 1800 K St., N. W.; British Supply Council in North America, Willard Hotel.

**Canada:** Dept. of Munitions & Supply, Marshall Bldg., 1205 15th St., N. W.

**India:** Indian Supply Mission, 635 F St., N. W.

**New Zealand:** New Zealand Supply Mission, McGill Bldg., 908-910 G St., N. W.

**Southern Rhodesia:** Government of Southern Rhodesia, 905 15th St., N. W.

**Union of South Africa:** Government Supply Mission, 905 15th St., N. W.

**All other British Empire and Colonial Purchases:** British Colonies Supply Mission, 908-910 G St., N. W.

**Chile:** Vice Adm. Emilio Daroch, Chilean Naval Commission; Maj. Gen. Oscar Herreros W., Chilean Air Force Commission; Col. Ernesto Medina, Chilean Military Mission, 2128 Bancroft Pl., N. W.; Ramiro Pinochet, Chilean State R.R.s; Corporacion de Fomento de la Produccion, 120 Broadway, New York 5.

**China:** Chinese Supply Commission, 2311 Mass. Ave., N. W.; Universal Trading Corp., 630 Fifth Ave., New York 20.

**Colombia:** Col. Hernando Mora, military attache, 910 17th St., N. W.; Eugenio Parra, National R.R.s of Colombia, 610 Fifth Ave., New York; Edgar Wells, Caja de Credito Agrario Industrial y Minero, 120 Wall St., New York.

**Cuba:** Lt. Comdr. Felipe E. Cadenas, naval attache; Capt. Efrain R. Hernandez, air and military attache, Embassy of Cuba, 2639 16th St., N. W.; National Development Commission of Cuba, Frederick Snare Corp., 233 Broadway, New York 7.

**Ecuador:** Gen. Luis Larrea-Alba, military and air attache; Jorge Reyes, financial counselor, Embassy of Ecuador, 2125 LeRoy Pl.

**France and French Colonies:** Jean Monnet, president, French Supply Council, 1800 Massachusetts Ave., N. W.; Andre Armengaud, production; Jean Dupard, food, 1722 Massachusetts Ave., N. W.; George Misse, agriculture, 1724 18th St., N. W.; Robert Leguille, railroads; Noel Concordet, North African railroads; Jean Georges Baudelaire, public works, 1763 R St., N. W.; Dr. Jean F. Mabileau, medical supplies, 1329 18th St., N. W.; Raymond Poitte, French North Africa, 1330 18th St., N. W.; French Colonial Agency in the U. S. (French Colonies except North Africa), Maurice Andlauer, director, 111 Broadway, New York; Maurice Darondeau, deputy chief, shipping and transport mission, 1809 R St., N. W.; John Girard, tobacco mission, 700 Cathedral St., Baltimore 1, Md.; Andre Monnier, mission of reconstruction, 2900 Adams Mill Rd., N. W.; J. O. Senner, French transit division, 44 Beaver St., New York 4.

**Greece:** Alexander Argyrepoulos,

Greek purchasing mission, 2100 Mass. Ave., N. W.

**Iran:** Iranian Consul in charge of Iranian Trade Commission, 30 Rockefeller Plaza, New York 20.

**Italy:** Italian technical mission, Embassy of Italy, 2700 16th St., N. W.

**Luxemburg:** August Bohler, industrial adviser to the Luxemburg Government, 235 E. 22nd St., New York 10.

**Mexico:** Economic Division; Rear Adm. Ignacio Garcia Jurado, naval attache; Brig. Gen. Cristobal Guzman Cardenas, military attache, Embassy of Mexico, 2829 16th St., N. W.

**Netherlands:** Netherlands Purchasing Commission, 41 E. 42nd St., New York 17; Netherlands Food Purchasing Commission, Produce Exchange Bldg., 2 Broadway, New York.

**Newfoundland:** Newfoundland Supply Liaison, 907 15th St., N. W.

**Norway:** Royal Norwegian Purchasing Mission (Military), 3409 Fulton St., N. W.; Royal Norwegian Purchasing Agency, 40 Exchange Place, New York.

**Peru:** Rear Adm. Federico Diaz Dulanto, Peruvian Naval Commission; Gen. Armando Revoredo, air attache; Carlos Donayre, commercial attache, 1320 16th St., N. W.; Col. Jose M. Tamayo, chief, Peruvian Military Commission, 1701 H Street, N. W.

**Portugal:** J. Freire d'Andrade, president, Portuguese Trade Commission, 630 Fifth Ave., New York 20.

**Sweden:** Swedish Legation, commercial section, 630 Fifth Ave., New York, and 1900 24th St., N. W.

**Turkey:** Ismail Kavadar, commercial attache to the Embassy of Turkey, 20 Exchange Pl., New York.

**Soviet Union:** Amtorg Trading Corp., 210 Madison Ave., New York 16; Lt. Gen. Leonid G. Rudenko, Government Purchasing Commission, 3355 16th St., N. W.

**Uruguay:** Gen. Hector J. Medina, military mission; Lt. Comdr. Alfonso Delgado Pealer, naval mission, 2007 Mass. Ave., N. W.; commercial and financial department, Embassy of Uruguay, 1025 Com. Ave., N. W.

**Venezuela:** Col. Juan Jones-Parra, military attache; Lt. Col. Jorge Marciano, air attache; Lt. Comdr. Carlos Larrazabal, naval attache, Embassy of Venezuela, 2409 California St., N. W.; Dr. Enrique Gonzales Navas, representative of the ministry of public works, Venezuela, 30 Rockefeller Plaza, New York 20, N. Y.; J. M. Flores, purchasing agent, ministry of health and sanitation, Venezuela, 335 W. 57th St., New York 19, N. Y.

\* Except for the following countries, which handle purchasing through the commercial attache of their Washington embassy or legation: Costa Rica, Czechoslovakia, Denmark, Dominican Republic, Egypt, El Salvador, Ethiopia, Finland, Guatemala, Haiti, Honduras, Iraq, Nicaragua, Panama, Paraguay, Spain, Syria, Thailand, and Yugoslavia.



Up From

# OKLAHOMA



With the Lessons  
of the West

Reading Time: 1 minute, 42 seconds

"It was Cowboy and Indian country alright, with white haired Col. Cody and sharp-shootin' Pawnee Bill our biggest citizens—their famous Wild West Show telling our story all over the world.



"My mother taught school to Indian and white kids alike. She taught us hard. Urged us to 'get up and our' and keep on going and that someday we'd get some-

place. One of those Indian kids is a banker now, and maybe I've gotten somewhere myself.

"I hit Detroit after years of tough work, following the cattle trails and the harvest crews. Detroit was a quiet town on a big blue river, with pretty homes, lovely trees, and long quiet streets. I got a job as one of the brand new plants owned by the new auto pioneers.



"Oklahoma stayed in my blood and so did all the lessons of the West. I put up my own show across from our factory gate. A brand new automobile was my 'main attraction.' As a salesman between shifts I

worked hard and I sold a lot of cars. The manager said: 'Keep it up, kid. We need good showmen like you, and so does the public.'

"That's my story in a nutshell. 'I kept at it' in one job or another for ten years and then my big dream came true. I became a full-fledged automobile dealer,—selling DeSoto and Plymouth cars. My showplace is now a fine modern \$40,000 building on the best street in town. Before the war, we used to sell more than 1500 new and used cars in a year. During the war we maintained a bang up service shop to take care of our old friends and customers.



"We don't do any Wild West shootin' around our place, but we'll be doing plenty of riding again soon, with the war over and beautiful brand new DeSoto and Plymouth cars back on the market."

NOTE:  
This is another typical story of individual initiative and enterprise, on record at Chrysler Corporation.



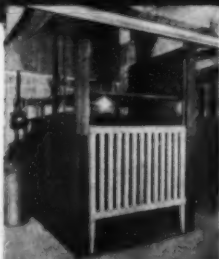
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## CANADA

### Parity Unlikely

Foreign exchange control will be continued by Canada for indefinite period. Ilsley moves to check U. S. speculators.

OTTAWA—Foreign exchange control which since 1939 has held the Canadian dollar comparatively firm at a 10% discount in relation to the U. S. dollar is to continue indefinitely in its present form. Unless the exchange position deteriorates, there will be no restriction on the provision of exchange for current transactions, but there will be restrictions on the movement of capital.

• **"Guarded Optimism"**—Addressing the Institute of Chartered Accountants of Ontario last week, Finance Minister J. L. Ilsley coupled a declaration of policy on foreign exchange control with an assurance that it would operate in an unobtrusive way and interfere little with established business practices.

Ilsley viewed the international financial scene and reported that he saw

reasons for "guarded optimism and continued vigilance."

On the bright side he listed: acceptance, by many nations, of standards of conduct in international monetary relations; creation of the International Monetary Fund and the International Bank of Reconstruction & Development; and provision of funds to meet dollar deficiencies of the United Kingdom and western Europe.

• **Parity Seems Unlikely**—Vigilance called for by the exposed position of the Canadian economy because of reliance on exports and by the uncertainties in the world political outlook.

Groups favoring parity of the Canadian and U. S. dollar have challenged the need of continuing exchange control, in the belief that removal of controls would result in the Canadian dollar finding its own level at or above parity.

Apparently addressing himself to the argument, Ilsley contrasted the advantages to business of stable exchange rates over fluctuating rates. Since 1939 he noted, the rate has been practically stationary and ample forward protection was afforded all interests doing business in the U. S.

While Ilsley made no direct reference to the exchange rate, the emphasis he placed on stability tends to confirm the impression already prevailing that



### U. S. AIRCRAFT FOR FOREIGN SKYWAYS

Last week global air transport history was in the making as U. S. aircraft companies concluded deals to sell airliners abroad. At Santa Monica, Calif., Douglas Douglas (left), president of Douglas Aircraft Co., signed a \$2 million contract with Australia for four DC-4 liners, while C. J. Smart (seated), American representative of Australia's Dept. of Civil Aviation, and Inspector John Shaw looked on. In Seattle, Sune Wetter (right), general counsel for Swedish Intercontinental Airlines (SILA)—flanked by Boeing President William Allen and bow-tied Vice-President Wellwood Beall—signed a \$6 million contract for four Boeing Stratocruisers. SILA, new challenger in the transatlantic race, plans a 14-hour New York-Stockholm service. The DC-4's may fly from Sydney to the U. S. and Canada if negotiations go through.

government has set its face against  
of the two dollars.

Check Speculation—Ilsey's de-  
ment recently effected two tidying-  
operations which were made possible  
the improved market for govern-  
ment securities and enlarged reserves of  
S. currency.

It moved to check U. S. specula-  
buying Canadian government se-  
curities on the chance that the dollars  
old be parred with a resulting 10%  
at. At the start of foreign exchange  
control, the government wanted U. S.  
ars and U. S. buyers were given the  
ilege of registering their holdings  
in the Foreign Exchange Control  
and withdrawing the proceeds of  
sale of the securities in U. S. funds.  
by buying recently increased the  
den of reserves constantly kept on  
to meet this contingency. Now the  
ilege of registration has been with-  
m. Americans are no longer as-  
ed of being able to sell their bonds  
take out U. S. dollars. They may  
buy common stocks and register  
holdings for withdrawal of capital.  
A limitation has been placed on  
amount of long-term securities  
ch can be held by chartered banks.  
adian banks pay interest on saving  
osits at 1½%; long-term govern-  
t bonds have been sold throughout  
war at a coupon rate of 3%. With  
volume of savings rising, banks  
ed to invest deposits in bonds  
er than commercial loans.

Limit on Holdings—Under the new  
ngement, banks have agreed to limit  
government bond holdings to not  
e than 90% of their savings de-  
ts and to keep their earnings on  
bonds on a scale not to exceed the  
of operating savings accounts by  
e than a moderate profit margin.

## PORT CONTROLS OFF

OTTAWA—On Mar. 6 Canada re-  
ed export controls from some 300  
modities moving to all countries  
pt non-British neutrals and former  
y nations. Shipments to such ex-  
ons still require permits.  
econtrolled items include news-  
t, fine papers and woodpulp, nickel,  
aze powder, abrasives, asbestos, fluor-  
and mica, petroleum products,  
and other nonmetallic minerals,  
ain aircraft and parts, brooms,  
shotgua shells, clocks and watches.  
age, musical instruments, pens, and  
y all chemicals—including sodium  
ide, sodium cyanide, acetic acid, and  
on black.

wide range of goods still in short  
ply—including foods, textiles, and  
and steel items again under con-  
because of the U. S. steel strike—  
subject to export control.

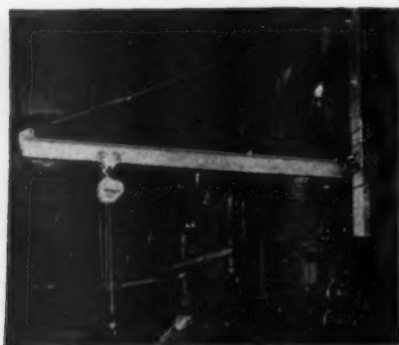
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# THE MARKETS (FINANCE SECTION—PAGE 9)

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial .....	165.3	161.1	179.1	140.2
Railroad .....	62.2	60.8	69.5	52.3
Utility .....	87.4	83.9	92.3	62.7
<b>Bonds</b>				
Industrial .....	124.4	124.2	124.4	122.3
Railroad .....	119.6	119.4	119.6	115.1
Utility .....	116.0	116.3	116.6	116.6

Data: Standard & Poor's Corp.

## Prices Higher, Trading Lower

In recent New York Stock Exchange trading sessions, prices have risen more times, and to a greater extent, than they have declined. On Tuesday of this week, in fact, there was quite a sharp rally, with individual gains of as much as \$4.

• **More Indecision**—Big Board daily trading volumes of over 1,000,000 shares, however, have become pretty scarce. And there have been other signs that most market participants are still uncertain whether recent events actually represented an early signal of worse to come, a technical correction of an earlier overdiscounting of near-term industrial prospects, or the natural result of thin markets induced by today's emphasis on cash markets, and by restricted professional trading.

Wall Street opinion generally leans to the view that the recent "rally" from last week's "Bowles market" lows has been of a technical character only, and perhaps in large measure due to

covering by those previously on short side in order to clinch some of their large paper profits.

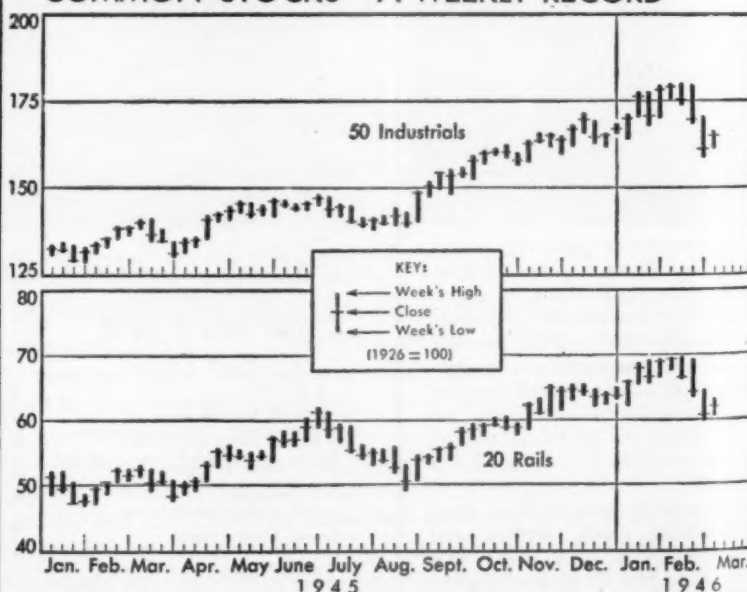
• **Bowles Causes Worry**—This explanation appears quite logical since the recent price spill, the worst experienced in an almost four-year-old bull market, succeeded in erasing about half of the gain scored in the Dow-Jones industrial stock price average since July, and even some 30% of the gain since November, 1943.

Still bothering many once-bullish market participants is the possibility that Chester Bowles' policies may curtail corporate profits as a result of his recent appointment as Economic Stabilization Director. In a midweek interview, Bowles indicated that many businessmen had tended to underestimate their rights under the new wage-price controls, and that "the rules governing price fixing, good, and even generous."

However, Wall Street has heard reports that raises in OPA ceilings need to offset wage boosts are not apt to be considered until a company's production has finally risen to 1941 levels. It is possible to determine just what its results will be at that rate. It isn't encouraging, since there could be a long lapse between ceiling-raising requests and their actual granting which could materially effect earnings in an unfavorable manner.

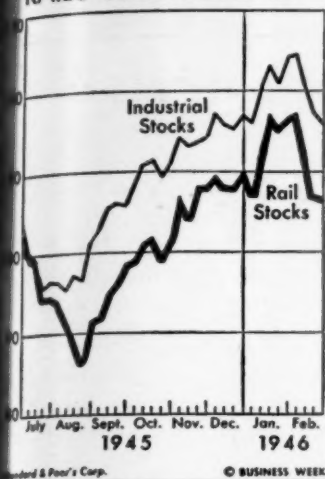
• **Pot Shot at Wall Street**—Consequently, many stock market participants take a skeptical view of Bowles' week remarks. They note the fact

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

## RAILS FALL BEHIND



attered them as he was returning making a speech in which he a pot shot at "those speculators Wall Street who time and again have and the American public for suckers."anking on the historic fact that no term price decline has ever been n to develop at the beginning of a period of rising business activity, few et seers currently believe that the at sharp price shakeout signaled change in the basic uptrend con- nately evidenced since early 1942. ey do think, however, that the stral corporate groups are apt to a mixed earnings performance for e and thus anticipate a much more tive stock market.

### Losing Steam

most from the beginning of the n's recent record-breaking war ef- the railroads proved one of the beneficiaries. Few segments of rican industry, in fact, have ever aged more rapidly from peacetime trums (BW—Dec.22'45,p63).

lated Recognition—For some time, ver, stock market participants t grasp what was happening. Too y investors and traders had taken ating in connection with their rail ings in the "depression 1930's," again in 1938. And they were de- mined not to be lured into such issues a third time by any "temporary" rovement caused by war conditions. at they weren't able to ignore for- the dynamic earnings reports that e being published month after th. By early 1945, the rail shares definitely become the 1942-4? bull et's favorite "war-baby."

head of Industrials—In fact, before "Bowles market" recently began ing the apples from the tree, Stand- & Poor's weekly rail stock price in- had zoomed up to a point 190%

above its 1942 war-low. And even though the industrial stocks had not performed badly in the interim, it was noticeable that at its 1946 peak that average could boast of only a 143% upsurge.

Merely mentioning such figures, however, doesn't paint a correct picture of the situation that exists now. Despite the recentness of the spectacular rise, there have been signs of late that the rail stocks' honeymoon may actually have ended shortly before the advent of total peace last summer.

• **Signs of Fatigue**—Even though such issues haven't yet faded badly, they have evidenced considerable fatigue more than once since last June. Despite all the subsequent bullishness in the security trading arenas, they have managed to chalk up only 18% of their maximum bull market gain since then, compared with the 32% achieved by the industrial list, and for many months now the latter group has very definitely been the market pacemaker (chart).

Such erstwhile common stock favorites as Atchison, Atlantic Coast Line, Nickel Plate, and Northern Pacific, for example, have still to exceed their 1945 peaks this year, and early this week they were even selling at levels 14% to 38% below last year's highs.

• **Expectations**—Wall Street's rail statisticians, as a group, do expect the carriers to do very well once the expected postwar industrial boom gets under way. Some, in fact, look for record-breaking peacetime traffic and earnings, though these opinions, at least partly, are based on an expectation that higher freight rates will be granted to offset any further lifting of wages and other operating costs.

There's no such unanimity, however, over the near-term trend of rail stock prices. Watched carefully, for instance, is the current steady freight-revenue downtrend. Railroads have always found it difficult to cut expenses quickly when traffic is falling drastically, and the present trend has already caused a sharp lowering of many an earlier 1946 earnings estimate (BW—Mar.2'46,p62).

• **Cases of Concern**—Additional factors are contributing to the uncertainties over the near-term market action of the rail shares. One source of worry is the recent tendency of most of the new crop of rail stockholders to ignore the possibility that 1946 earnings may slump for some months, and to ascribe, wrongly, the recent profit downtrend solely to such artificial causes as accelerated amortization of emergency war facilities and income tax adjustments.

Also, too few of that group appear to realize that the grant of a freight rate rise is not at all likely to be made effective (even if it actually arrives) until too late to be of much help to the railroads' 1946 earnings.



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# THE TREND

## FOR A POLICY WITH A TWO-WAY STRETCH

It still remains true that one of the few certainties about the economic future of the United States is that no one knows just what it is going to be. In recent years the tools needed for forecasting, particularly those which give accurate information about what has happened in the past, have been greatly improved. Also a lot has been learned about how to use them.

But if anyone doubts that these tools are not yet fool-proof, he has only to look at the blunder which a lot of federal government economists (and many others, not including *Business Week*) made in foretelling what would happen right after V-J Day. "Now comes depression, the aftermath of war," was the way which one Washington news letter summarized their expectations a few days after the Japanese surrendered. "The start of the depression is now. . . . Millions will be out of work within a month. . . . The period of depression will run for six or nine months."

• That error may possibly come to take rank in its line with another made in 1929 when some highly touted forecasters saw us well established in a "new era" and moving along securely on a new "plateau" shortly before the bottom dropped out of everything. The expectation of depression right after V-J Day encouraged the Washington wage-boosting policy, and thus helped produce a crop of strikes and inflationary troubles. Also it encouraged the scrapping of wage controls. Why have them if the real problem ahead is unemployment? So ran an influential argument.

But does the continuing fact of uncertainty about our economic future mean that we must remain equally in the dark about the proper policies to apply in making that future serve our purpose to provide sustained and expanding prosperity? It does not, in the unanimous opinion of the six authors of a research study of "Jobs and Markets" or "How to Prevent Inflation and Depression in the Transition" which has just been completed for the Committee for Economic Development. It is not only possible but crucially important, they say, to devise a comprehensive set of economic policies which will be flexible enough to take up the shock of rapid changes in economic conditions and still keep us moving steadily forward. The competence with which they lay out the problem and go about dealing with it adds to our gratification that the C.E.D. is carrying on its research work, even though it finds it necessary to wind up its fine field work.

• Right now the authors of the C.E.D. study conceive the major economic danger to be runaway inflation. But they also conceive it to be possible that we might start sliding into a depression during the years required for complete transition from a war to a peacetime economy.

"Whether the existing inflationary situation will continue, whether it will grow more intense or whether it will give way to depression, we do not know," the authors concede. Therefore, they assert, "public policy must be prepared to deal with either (inflation or depression). Policy must be developed in advance and flexible instruments must be at hand for prompt action."

• In blocking out the specifications of such a set of instruments, the study deals not only with direct government price control, but with the more pervasive and ultimately more important controls of prices and economic activity exercised indirectly through fiscal and monetary arrangements. To avert the imminent danger of having inflationary forces get out of hand, direct government price control should, in the opinion of the C.E.D. study, be extended for a year beyond June 30 next, but no longer. Also it should be streamlined and liberalized, to include among other things a higher bench mark for profits in determining the need of price relief.

While a continuation of price control is doing a stopgap job, fiscal and monetary policy should, according to the C.E.D. study, be tooled up in many different ways to take over the job both of keeping prices on a relatively even keel and of cushioning economic bumps which may be encountered along the way. The steps to be taken, too numerous even to be outlined here, include at least balancing the federal budget at existing tax rates in the fiscal year 1946-47, if not creating a budget surplus, and directing tax revision for the subsequent period to creating in the federal tax system a "built-in flexibility" which makes it bear down in lush times and ease up when the general economic going gets harder. The steps also include giving the Federal Reserve System more power to control monetary expansion.

• The huge bulk and awkwardness of the present governmental machinery make it easy to overestimate the possibilities of securing flexibility in federal policy. Also a certain amount of flexibility is a substitute for good sense. If we continue to apply wage and price policies which fight with each other, as we have since V-J Day, we shall continue to remain in the economic morass where the war has landed us. Given a modicum of good economic sense, however, "built-in flexibility" of policy of the sort designed by the C.E.D. group can help us greatly to cope constructively with the fact that, in moving through the years of transition from full wartime employment to full peacetime employment, we do not know precisely what may turn up next.

While safe blind flying in the economic field is not where in sight, many safety devices are available. Given the necessity of doing some flying of that sort, it is stupid not to make use of them.



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